No. 99-1571-CFX Title: TrafFix Devices, Inc., Petitioner
v.
Marketing Displays, Inc.

Docketed: March 28, 2000 Court: United States Court of Appeals for the Sixth Circuit

Entry	Date	Proceedings and Orders
	Mar 27 2000	Petition for writ of certiorari filed. (Response due May 17, 2000)
	Apr 26 2000	Order extending time to file response to petition until May 17, 2000.
	May 17 2000	Brief of respondent Marketing Displays, Inc. in opposition filed.
	May 30 2000	DISTRIBUTED for Conference of June 15, 2000
	May 30 2000	Reply brief of petitioner TrafFix Devices, Inc. filed.
	Jun 19 2000	REDISTRIBUTED for Conference of June 22, 2000
	Jun 26 2000	Petition GRANTED. SET FOR ARGUMENT November 29, 2000. **********
	Jul 25 2000	Order extending time to file petitioner's brief on the merits to and including August 24, 2000.
	Aug 10 2000	Brief amicus curiae of International Trademark Association filed.
	Aug 17 2000	Brief amicus curiae of Malla Pollack filed.
	Aug 17 2000	LODGING consisting of twenty bound copies of patent material submitted by amicus-counsel Pollack.
	Aug 24 2000	Joint appendix filed.
	Aug 24 2000	Joint appendix in two volumes.
	Aug 24 2000	Brief of petitioner TrafFix Devices, Incorporated filed.
	Aug 24 2000	LODGING consisting of twenty bound copies of Rule 32 materials submitted by counsel for the petitioner.
	Aug 24 2000	Brief amicus curiae of United States filed.
	Aug 24 2000	Brief amicus curiae of Panduit Corp. filed.
	Aug 24 2000	Brief amicus curiae of Holmes Group, Inc. filed.
	Aug 30 2000	Motion of parties for leave to file Volume II of the joint appendix under seal filed.
	Sep 11 2000	Order extending time to file respondent's brief on the merits to and including October 9, 2000.
	Sep 13 2000	DISTRIBUTED. October 6, 2000 (Page 4)
	Sep 29 2000	Record filed.
	Oct 2 2000	Brief amicus curiae of American Intellectual Property Law Association filed.
	Oct 3 2000	Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument filed.
	Oct 6 2000	Brief amicus curiae of Thomas & Betts Corporation filed.
	Oct 10 2000	Motion of parties for leave to file Volume II of the joint appendix under seal GRANTED.
	Oct 10 2000	Brief of respondent Marketing Displays, Inc. filed.
	Oct 10 2000	LODGING consisting of twenty bound copies of appendix material submitted by counsel for the respondent.
	Oct 24 2000	CIRCULATED.
	Nov 3 2000	Motion of the Solicitor General for leave to participate

No. 99-1571-CFX

Entry	Date	Proceedings and Orders
		in oral argument as amicus curiae and for divided argument DISTRIBUTED.
	Nov 6 2000	Motion of the Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument GRANTED.
	Nov 9 2000	Reply brief of petitioner TrafFix Devices, Incorporated filed.
	Nov 29 2000	ARGUED.

(1)
Supreme Court, U.S.
FILED
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No. 99——

In The Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

PETITION FOR A WRIT OF CERTIORARI

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133pp

QUESTION PRESENTED

Whether this Court should resolve the circuit conflict—expressly acknowledged and deepened by the Sixth Circuit below—on whether federal trade dress protection extends to a product configuration covered by an expired utility patent.

RULE 29.6 STATEMENT

The caption contains the names of all parties that appeared in the Sixth Circuit. Petitioner TrafFix Devices, Incorporated has no parent companies or subsidiaries.

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IN THE

Supreme Court of the United States

No. 99-____

TRAFFIX DEVICES, INCORPORATED,
Petitioner,
v.
MARKETING DISPLAYS, INCORPORATED,
Respondent.

PETITION FOR A WRIT OF CERTIORARI

Petitioner TrafFix Devices, Incorporated ("TrafFix") respectfully petitions this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Sixth Circuit in this case.

OPINIONS BELOW

The opinion of the Sixth Circuit is reported at 200 F.3d 929 and reproduced in the appendix hereto ("App.") at 1a. The June 2, 1997 opinion of the District Court for the Eastern District of Michigan is reported at 967 F. Supp. 953 and reproduced at App. 68a. The June 12, 1997 opinion of the District Court is reported at 971 F. Supp. 262 and reproduced at App. 25a.

JURISDICTION

The judgment of the Sixth Circuit was entered on December 29, 1999. App. 1a. The jurisdiction of the Sixth Circuit was based on 28 U.S.C. §§ 1291 and 1292(a)(1). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Patent Clause of the United States Constitution grants Congress the power "[t]o promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8.

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides in part:

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person * * *
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

INTRODUCTION

This is one of the unusual cases in which all the customary criteria for certiorari are readily met. *See* S. Ct. Rule 10. *First*, as the Sixth Circuit expressly acknowledged below, "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection [under the Lanham Act]." App. 18a.[1] Because "the in-

[1] Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), makes actionable the "false or misleading" use of marks on goods or services used in interstate commerce, including unregistered trade dress. *See id.* § 1125(a)(3); *Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.L.W. 4217, —— (U.S. Mar. 22, 2000). Trade dress "originally included only the packaging, or 'dressing,' of a product," but in recent years has been interpreted to include a product's configuration or design. *Wal-Mart Stores*, 68 U.S.L.W. at ——; *see Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (1992); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339, 342 n.4 (1997).

ability freely to copy significant features of patented products after the patents expire impinges seriously upon the patent system's core goals," the Tenth Circuit has held that federal trade dress protection does *not* extend to a product configuration covered by a utility patent. *Vornado Air Circulation Sys., Inc.* v. *Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996). Other circuits—including the Sixth Circuit below—have taken the contrary view, allowing trade dress protection despite the fact that a product configuration is covered by a utility patent. *See* App. 18a-19a.

Second, the Sixth Circuit position squarely conflicts with the decisions of this Court. This Court has "long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989). "It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the [product] in the *form* in which it was constructed during the patent." *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938) (emphasis added; quotation omitted). The Sixth Circuit position that a product's configuration—or form—may be cloaked with trade dress protection after its patent monopoly has lapsed flouts this "almost 100 year[]"-old doctrine. *Bonito Boats*, 489 U.S. at 165. More fundamentally, this backdoor use of

federal trademark law contravenes the Constitution's grant of authority to Congress to secure to inventors the exclusive right to use their inventions "for *limited* Times." U.S. Const. art. I, §8, cl. 8 (emphasis added).

Third, the conflict deepened by this case concerns a matter of overriding importance. "[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. Extending trade dress protection to the subject of expired patents seriously taints this "lifeblood." At the same time, the conflict on this issue has "shrouded the right to copy from expired utility patents in considerable uncertainty," and "subject[ed] a patentee's competitors to the threat of unpredictable trade dress litigation." Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779, 782 (1998). "One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property," *Bonito Boats*, 489 U.S. at 162, and thereby avoid such confusion.

The Court should grant the writ, resolve the acknowledged circuit conflict, and restore uniformity to this economically vital area of the Nation's law.

STATEMENT OF THE CASE

The parties manufacture and sell stands for highway traffic signs and other highway safety products. Respondent Marketing Displays, Inc. ("MDI") has manufactured and sold a commercially successful traffic sign stand since the mid-1970s under the registered trademark "WINDMASTER." WINDMASTER sign stands—used to hold signs such as "ROAD WORK AHEAD"—have a narrowly spaced, dual-spring base that enables them to withstand wind without tipping over. The dual-spring configuration was developed by MDI's president in the mid-1960s, and

is covered by two utility patents issued by the United States Patent and Trademark Office ("PTO")—U.S. Patent Numbers 3,646,696 and 3,662,482. The last of these patents expired in 1989, seventeen years after it was issued. App. 2a-3a, 26a-27a.

Utility patents may be issued for any novel, useful, and nonobvious process, machine, manufacture, or composition of matter. 35 U.S.C. §§ 101-103. They secure to their holder a monopoly on the use of the invention for the life of the patent. *See id.* § 154(a)(2). Among other things, MDI's patent documents provide:

> One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection[.] * * * The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent twisting of the sign frame. Thus, it is not a matter of choice whether one or two springs are used in [the] invention. [*See* 6th Cir. App. 959-960 (File History of U.S. Patent No. 3,646,696).]

See also id. 956 ("specifically limiting [claim] to a pair of spaced coil springs") (same); *id.* 1290 (summary of invention). Shortly after the patents were issued, MDI enforced its patent monopoly to enjoin a competitor (Winn-Proof) from selling a spring mounted sign stand virtually identical to MDI's WINDMASTER sign stand. *See Sarkisian* v. *Winn-Proof Corp.*, 697 F.2d 1313 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983).

TrafFix's president knew that MDI's utility patents expired in 1989, and that after expiration of a patent the underlying invention enters the public domain. As a result, TrafFix in the early 1990s reengineered a sign stand that—while differing from MDI's stand in various respects such as color and release mechanism—utilized the same basic configuration, including dual-spring base, cov-

ered by MDI's expired utility patents. In 1994 TrafFix applied to the PTO for protection of its own "WINDBUSTER" trademark on this sign stand. The PTO granted TrafFix this trademark in 1995 (after the requisite notice period), and registered the mark in 1996. TrafFix brought its sign stand to market in 1994—nearly five years after MDI's utility patents had expired—and began selling the stand under the WINDBUSTER mark in 1995. App. 3a-4a.

Just as it had done nearly two decades earlier in the case of Winn-Proof, MDI moved to block TrafFix's entry into the market. But this time—since MDI's patent monopoly had lapsed—MDI turned to federal trademark law. In July 1995 MDI filed this action in the District Court for the Eastern District of Michigan, asserting claims under the Lanham Act that TrafFix had infringed its trade dress, infringed MDI's WINDMASTER trademark, and engaged in unfair competition. TrafFix counterclaimed, alleging that MDI had engaged in unfair competition and violated the federal antitrust laws. Both parties moved for summary judgment. On January 13, 1997, the District Court granted summary judgment for MDI on its trademark claim and on TrafFix's antitrust claim, issuing an amended opinion on June 2, 1997. *Id.* 4a, 68a. On June 12, 1997, the District Court granted summary judgment for TrafFix on MDI's trade dress and unfair competition claims. *Id.* 4a, 25a.

In disposing of the trade dress claim—the only claim at issue here—the District Court began with the "well established [rule] that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and use.'" *Id.* 46a-47a (quoting *Bonito Boats*, 489 U.S. at 165 (emphasis in original)). The court also observed that "'one cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection.'" *Id.* 49a (quoting 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:89 (4th ed. 1996)).[2] Against this backdrop, the District Court viewed the "expired utility patents [as] especially strong evidence of the usefulness of the dual-spring design"—"the most *utilitarian* aspect of MDI's sign stands"—and held that the alleged "trade dress is functional as a matter of law," and thus not protectible under the Lanham Act. App. 55a (emphasis in original).[3] In so holding, the District Court also concluded that cloaking MDI's product configuration with trade dress protection would hinder competition. *Id.* 54a.

Both parties appealed. The Sixth Circuit affirmed the District Court rulings on the trademark infringement and antitrust claims, but reversed the dismissal of the trade dress claim. In disposing of the latter claim, the Sixth Circuit expressly recognized that "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection." *Id.* 18a. "The Fifth, Seventh, and Federal Circuits have held or strongly suggested that a utility patent disclosure does not prevent trade dress protection." *Id.* (citing cases). But "the Tenth Circuit, in an opinion

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[2] The District Court found "untenable" MDI's argument that the expired patents did not sufficiently disclose the dual-spring configuration of the WINDMASTER sign stand, given that "MDI has, in the past, enforced its rights in its * * * patents by enjoining the manufacture of a product configuration *virtually identical* to that being alleged to constitute trade dress in the instant case." App. 49a (emphasis added). *See supra* at 5.

[3] As the District Court explained:

> To prove a trade dress violation in contravention of section 43(a), a plaintiff must show, by a preponderance of the evidence: 1) that the trade dress has obtained "secondary meaning"; 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily non-functional. [App. 32a]

The District Court concluded, as a matter of law, that this test was not met. *See id.* 55a-56a. We focus here on the functionality element of the test, which—as the District Court expressly held—independently disposes of MDI's trade dress claim. *See id.* 56a.

that preceded the contrary rulings of the other three circuits, has held that '[w]here a product configuration is a significant inventive component of an invention covered by a utility patent * * * it cannot receive trade dress protection under section 43(a).'" *Id.* 19a (quoting *Vornado*, 58 F.3d at 1500). The Sixth Circuit dismissed the Tenth Circuit position and aligned itself with the circuits adopting the contrary view. *Id.*

The Sixth Circuit disagreed that MDI's expired patents precluded trade dress protection, holding that the District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patents. *Id.* 19a (emphasis added). The court also criticized the District Court for focusing on the utility of the configuration covered by the expired patents, rather than the product's "entire look." *Id.* Even though the dual-spring base is essentially the *only* product element that distinguishes WINDMASTER sign stands from the competition—"every other competitor uses the other elements of a single upright, four leg members extending out at angles, and a sign"—the Sixth Circuit held that the expired patents covering this configuration did not bar trade dress protection. *Id.* 20a. The court further rejected the District Court's conclusion that cloaking MDI's sign stands with trade dress protection would limit competition. *Id.* 21a.[4]

This petition followed.

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[4] The Sixth Circuit also disagreed with the District Court's conclusion that MDI could not meet the "secondary meaning" element of its trade dress claim. App. 16a. In addition, because the unfair competition claims were essentially subsumed within the trade dress claim, the Sixth Circuit summarily reversed the dismissal of those claims, too. *Id.* 21a.

REASONS FOR GRANTING THE WRIT

I. AS THE SIXTH CIRCUIT EXPRESSLY ACKNOWLEDGED, THE CIRCUITS ARE SPLIT ON WHETHER A PRODUCT CONFIGURATION COVERED BY AN EXPIRED UTILITY PATENT IS ENTITLED TO TRADE DRESS PROTECTION.

1. This Court has stated that a "principal purpose for which we use our certiorari jurisdiction * * * is to resolve conflicts among the United States courts of appeals." *Braxton* v. *United States*, 500 U.S. 344, 347 (1991). *See* S. Ct. Rule 10(a). Typically, a circuit conflict must be inferred from an analysis of allegedly conflicting cases. Here, however, the Sixth Circuit expressly acknowledged that "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection." App. 18a. That conflict is real, was deepened by the decision below, and should now be resolved by this Court.

2. a. The Tenth Circuit has held "that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, * * * patent law *prevents* its protection as trade dress, even if the configuration is nonfunctional." *Vornado*, 58 F.3d at 1510 (emphasis added). After carefully weighing the policies served by the patent and trademark laws, the court of appeals grounded this holding on its conclusion "that core patent principles [would] be significantly undermined" by allowing trade dress protection for such a configuration. *Id.* at 1509. "The 'centerpiece of federal patent policy' is in its 'ultimate goal of public disclosure and use.'" *Id.* at 1507 (quoting *Bonito Boats*, 489 U.S. at 157). Extending "trade dress protection" to the subject of a utility patent "directly interfere[s] with the public's ability to practice patented inventions after the patents have expired, and * * * undermines the principle that ideas in the public domain should stay there." *Id.* at 1508.

In adopting this bright-line rule, the Tenth Circuit further reasoned that trademark's functionality doctrine fails to answer the question presented in *Vornado* and here. As the court explained, this doctrine prevents a useful product feature from obtaining trade dress protection. Under existing jurisprudence, however, "[c]onfigurations can simultaneously be patentably useful, novel, and nonobvious and also nonfunctional, in trade dress parlance." *Id.* at 1506. This is because, for trademark purposes, functionality is defined in terms of competitive need. *See Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995). "If competitors need to be able to use a particular configuration in order to make an equally competitive product, it is functional, but if they do not it may be nonfunctional." 58 F.3d at 1507. As a result, "a feature can switch back and forth between being functional and nonfunctional with the vagaries of the marketplace." *Id.* at 1510 n.20.

Applying these principles, the Tenth Circuit ruled out federal trade dress protection for the product at issue in *Vornado*—a household fan grill that utilized a spiral vane structure. Vornado had a utility patent covering the grill's spiral configuration. When a competitor began selling a grill with the same configuration, Vornado sued under the Lanham Act, claiming that its spiral grill was entitled to trade dress protection. The Tenth Circuit held that because the patented spiral configuration was a "significant inventive aspect" of Vornado's fans, "patent law prevents its protection as trade dress, even if the configuration is nonfunctional [in trademark parlance]." *Id.* at 1510.[5]

[5] *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996), embraced the rationale of *Vornado*, and stated its basic inquiry as follows: "whether the granting of a trademark (and thus of an indefinite monopoly) on a product configuration that is claimed or otherwise disclosed as part of an invention covered by a utility patent would prevent the invention from being copied and used by the public." That is true here, where MDI seeks a perpetual monopoly on the use of the key dual-spring base of MDI's sign stands, even though that configuration is plainly "a significant inventive component of [the] invention." *Vornado*, 58 F.3d at 1500.

b. Under the Tenth Circuit rule, MDI's trade dress infringement claim would clearly fail as a matter of law. Like the spiral vane structure of the product in *Vornado*, the key dual-spring base of the product at issue here is covered by a utility patent, and is a significant and defining element of the invention. But the Sixth Circuit rejected the Tenth Circuit rule, and reached the opposite result. The Sixth Circuit was unpersuaded "that a per se rule is necessary to effect the public policy underlying patent law of releasing protected designs after a period of time." App. 19a. As a result, in deciding whether trade dress protection is available for a product configuration covered by a utility patent, the Sixth Circuit attaches *no* weight to the compelling policies served by patent law and, instead, grounds the determination solely on trademark's functionality doctrine. *See id.* (rejecting the Tenth Circuit's "per se rule" in favor of "a functional analysis of the trade dress *unencumbered by any presumptions*") (emphasis added).[6]

[6] The Sixth Circuit decision in this case followed in line with *Esercizio* v. *Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992). There, the court of appeals held "that plaintiff Ferrari enjoyed unregistered trade [dress] protection in the exterior shape and appearance of two of its automobiles." *Id.* at 1237. Judge Kennedy dissented, arguing that the majority's decision "enlarge[d] the Lanham Act's scope of protection beyond its statutory language and congressional intent, and result[s] in an injunction that runs afoul of the Supreme Court's holdings in *Sears, Compco*, and *Bonito Boats*," *id.* at 1253, discussed in Part II, *infra*. As Judge Kennedy explained: "Congress intended that the right in a design [patent] should expire with their design patent. The effect of the majority's holding is to give Ferrari the equivalent of a design patent in perpetuity." *Id.* The product configuration in the Ferrari case was not the subject of an expired patent (Ferrari never applied for one). But the conclusion reached by Judge Kennedy is even more compelling where, as here, the alleged trade dress is the subject of an expired patent.

c. Like the Sixth Circuit, the Seventh Circuit has held "that there is no *per se* prohibition against features disclosed in a patent receiving trade [dress] protection after the patent has expired." *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.3d 277, 288 (7th Cir. 1998). *Thomas & Betts* involved a dispute between the Nation's largest suppliers of cable ties. Thomas & Betts obtained a patent on a two-piece cable tie, and used it to great effect. After the patent expired, Panduit introduced its own two-piece cable tie. Thomas & Betts sued to enjoin the sale of Panduit's product, claiming trade dress infringement under the Lanham Act. The district court reviewed at length the relationship between patent and trademark law and held—in line with the Tenth Circuit rule—that "[a]s a matter of law, a product configuration that is claimed or otherwise disclosed within an expired utility patent is not entitled to trademark protection." 935 F. Supp. 1399, 1410 (N.D. Ill. 1996).

Like the Tenth Circuit, the district court concluded that the functionality doctrine did not adequately resolve the conflict between the patent and trademark laws. "Addressing the functionality of an invention covered by an expired utility patent would create needless fact questions and lead to unnecessary litigation which would stifle companies from utilizing products coming off patent." *Id.* at 1409. "This is not part of the bargain that Congress intended or sought to encourage" under patent law. *Id.* Thus, like the Tenth Circuit in *Vornado*, the district court concluded that "[a] bright line test is important in order that the public receive the benefit of its bargain under the patent laws." *Id. See also id.* at 1408 ("application of a functionality test in this case is unsound public policy, contravenes the Patent Act and would defeat the expectations of the public and the parties").[7]

[7] Moreover, as the *Vornado* court recognized, *see* 58 F.3d at 1506-07, and other courts have echoed:

> [F]unctionality is really not a foolproof method of patrolling the line between the patent and trademark laws. That is because the showing required of a person seeking a patent is that an invention is useful—that it serves an identified beneficial purpose. By contrast, functionality for trademark purposes is based on competitive need. * * * Thus usefulness in the patent context does not equal functionality in the trademark context. [*Zip Dee*, 931 F. Supp. at 608 (citation omitted).]

See also Geremia, *supra*, at 781 ("the doctrine of functionality does not adequately resolve the conflict presented by trade dress claims for product configurations disclosed in expired utility patents").

The Seventh Circuit reversed. While acknowledging that "there is an undeniable tension between trademark protection of product configurations and patent law," that "a long line of Supreme Court cases have held that federal patent law creates a right to copy inventions to which patent protection has been extended once the patent expires," and that the argument that trade dress protection must give way to this right is "appealing," the Seventh Circuit nevertheless held that "there is no per se prohibition against features disclosed in a patent receiving trademark protection after the patent has expired." 138 F.3d at 288 (quotation omitted.) Instead, according to the court, "[t]he safeguard against an impermissible extension of a patent monopoly by a trademark * * * is the functionality doctrine." *Id.* "[T]he fact that a feature sought to be trademarked was contained in an expired patent is 'some evidence' of functionality," but no more. *Id.* at 289.[8]

[8] While plainly taking issue with the per se rule of *Vornado*—which the district court had followed in holding that Thomas & Betts' trade dress claim was precluded—the Seventh Circuit sought to distinguish *Vornado* on its facts. *See* 138 F.3d at 289 & n.4. In an earlier round of the litigation, however, the Seventh Circuit offered a more candid assessment. *See* 65 F.3d 654, 659 (1995) ("The present case is distinguishable from *Vornado* but it is not clear that the differences dictate a different result."). In any event, whether or not the factual distinctions subsequently relied on by the Seventh Circuit amount to a difference, it is clear that the

In so holding, the Seventh Circuit relied on its prior decision in *Kohler Co.* v. *Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993), where the court held that product configurations in general are entitled to trademark protection. Dissenting in that case, Judge Cudahy forcefully articulated the basis for the contrary approach adopted by the Tenth Circuit:

> [W]hatever new law has been developed in the lower courts to authorize the use of product configuration trademarks as a substitute for design patents is without sanction from the Supreme Court. The Court has spoken repeatedly to disfavor the use of unfair competition law to avoid the "limited times" provision of the Patent Clause. The Court has emphasized the importance of the right to copy as an aspect of the Patent Clause. The right to copy is constitutionally protected and is absolutely essential to the successful long-term operation of a free and competitive economy. [*Id.* at 651.]

Like the Tenth Circuit, Judge Cudahy also concluded that trademark's "extremely fuzzy" functionality doctrine was an unsuitable means of protecting the compelling interests served by the patent laws. *Id.* at 649.

d. The Fifth Circuit follows the same basic approach as the Seventh. *See Sunbeam Prods., Inc.* v. *West Bend Co.*, 123 F.3d 246 (5th Cir. 1997), *cert. denied*, 523 U.S. 1118 (1998). In *Sunbeam* the Fifth Circuit upheld an injunction under the Lanham Act barring one of Sunbeam's competitors from manufacturing and marketing a stand mixer that "replicated the product configuration of a stand mixer made by Sunbeam." *Id.* at 249. In doing so, the court of appeals held "that the fact that the American Classic Mixmaster® incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional," and thus not entitled to trade dress protection. *Id.* at 256. *See id.* at 256 n.20 ("the mere fact that a feature is named in a utility patent does not automatically render it functional"). This analysis plainly conflicts with the Tenth Circuit rule, as the Fifth Circuit has subsequently acknowledged. *See Pebble Beach Co.* v. *Tour 18 I Ltd.*, 155 F.3d 526, 549 & n.16 (5th Cir. 1998) (citing *Vornado* and noting that Fifth Circuit applies different "trade-dress analysis" than Tenth Circuit in assessing "federal trademark protection for product designs and configurations").

Seventh and Tenth Circuits are fundamentally divided on how to resolve the question presented. *See* 1 McCarthy, *supra*, § 6:10 at 6-18 ("In the *Thomas & Betts* case, the Seventh Circuit rejected the [Tenth Circuit] view" in *Vornado*).

e. The Federal Circuit has also noted the circuit conflict and rejected the Tenth Circuit position. In *Midwest Industries, Inc.* v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1364 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999), the court of appeals held that the "availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question." The district court in that case—applying *Vornado*—had held the plaintiff was not entitled to trade dress protection for a product configuration (a winch mounted on trailers used to haul watercraft) covered by a patent. *See id.* at 1358. The Federal Circuit reversed, specifically rejecting the Tenth Circuit's "holding to the contrary" in *Vornado*: "As we view the interaction between patent law and the Lanham Act, [the fact that the product configuration is covered by a utility patent] is *not* a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection." *Id.* at 1364 (emphasis added). According to the Federal Circuit, trade dress protection remains available for a product configuration—regardless of whether it is covered by an expired utility patent—as long as it passes trademark's functionality analysis. *Id.*

In *Karavan Trailers* the Federal Circuit adopted its own rule in reconciling patent law and the Lanham Act. *Id.* at 1358-61. Prior to that time, the court applied the law of the regional circuit from which the appeal arose. Thus, in *Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d 1571, 1579 (Fed. Cir. 1995), the Federal Circuit—applying Eleventh Circuit law—refused to allow trade dress protection for a product configuration that was covered by a utility patent. In so holding, the Federal Circuit ruled that the public's right to copy and use inventions covered by expired patents would be frustrated by allowing trade dress protection in these circumstances:

> Enforcing a "trade dress" right defined, as it was here, to be essentially coextensive with, and in fact broader than, claim 1 of the '944 patent would frustrate that right because trade dress protection may last indefinitely, and thus competitors could not effectively "copy and use" the invention after the patent expires. * * * [E]nforcing such a trade dress would effectively extend the life of the patent. [*Id.* at 1580.]

The disparate analyses in *Karavan Trailers* and *Elmer* underscore the conflict and confusion on the question presented. As the Federal Circuit recognized, its decision in *Karavan Trailers* to apply its own law rather than regional circuit precedent to such questions will do nothing to alleviate the conflict, because "questions involving conflicts between patent law and other causes of action can and do arise in cases over which this Court does not have appellate jurisdiction." 175 F.3d at 1361. What has resulted is what the Federal Circuit warned could happen —"that district courts and litigators could find themselves confronting two differing lines of authority when faced with conflicts between patent law and state or federal trademark claims." *Id.*

f. The Ninth Circuit has carved out a middle ground in the circuits. While allowing trade dress protection for

a product configuration covered by an expired patent, that court of appeals has held that "the existence of an expired utility patent is *weighty* evidence of functionality, although that fact alone is not dispositive." *Disc Golf Ass'n* v. *Champion Discs Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) (emphasis added). *See also Clamp Mfg. Co.* v. *Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir.) (an expired utility patent "weigh[s] strongly" on functionality), *cert. denied*, 493 U.S. 872 (1989); *but cf. Thomas & Betts*, 138 F.3d at 289 ("the fact that a feature sought to be trademarked was contained in an expired patent is '*some* evidence' of functionality") (emphasis added). In *Disc Golf* the court of appeals—in the course of holding that a product design covered by an expired utility patent was not entitled to trade dress protection—also recognized that "'a kind of estoppel arises'" when one "'argue[s] that a shape is functionally advantageous in order to obtain a utility patent and later assert[s] that the same shape is non-functional in order to obtain trademark protection.'" 158 F.3d at 1008 (quoting 1 McCarthy, *supra*, § 7:89).

In rejecting MDI's trade dress claim, the District Court below essentially followed the Ninth Circuit approach. *See* App. 49a (existence of expired utility patent is entitled to "great weight" in functionality analysis, and gives rise to a "kind of estoppel") (quoting 1 McCarthy, *supra*, § 7:89). As discussed, however, the Sixth Circuit flatly rejected this approach, and—far from according great weight to MDI's expired utility patents—held that in determining whether MDI is entitled to trade dress protection, the District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patent. *Id.* 19a (emphasis added).

3. The circuit conflict on the question presented by this petition is direct and undeniable. It has been ex-

pressly acknowledged by the circuits, *see* App. 18a; *Karavan Trailers*, 175 F.3d at 1364, and has been widely reported by commentators.[9] Moreover, the conflict is outcome determinative here. MDI is plainly not entitled to trade dress protection under the Tenth Circuit rule. MDI's trade dress claim also fails as a matter of law under the Ninth Circuit approach. But MDI's sign stand may be cloaked with trade dress protection under the rule followed in the Fifth, Seventh, Federal, and now Sixth Circuits—nullifying the nearly 100-year-old right of the public to copy and use inventions after their patent protection expires. Guidance is sorely needed from this Court.

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[9] *See, e.g.*, 1 McCarthy, *supra*, § 6:10 (recognizing conflict); R. Lawton Jordan III, Thomas & Betts Corp. *v.* Panduit Corp.—*Toward A Coherent View of Trade Dress Protection for Product Configuration*, 6 J. Intell. Prop. L. 323, 340 (1999) ("Courts are split on the issue of whether product configurations that formerly received patent protection should also receive trademark protection."); Judith Beth Prowda, *The Trouble With Trade Dress Protection of Product Design*, 61 Alb. L. Rev. 1309, 1310 (1998) ("Because of the split among courts on the standards of protectability of trade dress in product configuration cases, the issue seems ripe for Supreme Court resolution in the near future. Without direction from the Supreme Court * * *, courts likely will continue to chart their own course."); Manotti L. Jenkins, *A Request to the High Court: Don't Let the Patent Laws Be Distracted By A Flashy Trade Dress*, 15 J. Marshall J. Computer & Info. L. 323, 324 (1997) ("[T]he Supreme Court must resolve a conflict between two important federal statutes in intellectual property law: the Patent Act and the Lanham Act. As is shown below, the need for Court resolution of this conflict is even more glaring in light of the disagreement among the federal circuits on how best to solve the problem."); Michael S. Pérez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?*, 4 Tex. Intell. Prop. J. 383, 384 (1996) ("Given the split among circuits, the issue appears ripe for Supreme Court intervention.").

II. THE SIXTH CIRCUIT DECISION CONFLICTS WITH NEARLY A CENTURY'S WORTH OF THIS COURT'S PRECEDENT ESTABLISHING THE PUBLIC'S RIGHT TO COPY AND USE AN INVENTION UPON EXPIRATION OF THE PATENT.

1. The need for plenary review is heightened still further by the fact that the Sixth Circuit decision conflicts with this Court's own decisions. *See* S. Ct. Rule 10(c). This Court has "long held that after the expiration of a federal patent the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats*, 489 U.S. at 152 (citing *Coats* v. *Merrick Thread Co.*, 149 U.S. 562 (1893); *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938)). Yet, as the Tenth Circuit observed in *Vornado*, 58 F.3d at 1505, "distinguishing [this line of cases] has become a veritable jurisprudence art form in recent years [among the lower courts]."

2. The "federal patent system * * * embodies a carefully crafted bargain": an inventor "who is willing to reveal to the public the substance of his discovery" may be granted, in the form of a patent, a limited "right to exclude others from making, using, or selling [his] invention," but once that limited monopoly expires "the invention inures to the people, who are thus enabled without restriction to practice it and profit by its use." *Bonito Boats*, 489 U.S. at 150-151 (quotations omitted). *See Pfaff* v. *Wells Electronics, Inc.*, 525 U.S. 55, 63-64 (1998). Under this system—and "implicit in the Patent Clause itself"—"exploitation of ideas [is] the rule, to which the protection of a federal patent is the exception." *Bonito Boats*, 489 U.S. at 151. A long line of this Court's cases proves this rule.

Thus, for example, in *Singer Manufacturing Co.* v. *June Manufacturing Co.*, 163 U.S. at 185, the Court observed:

> It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Singer arose when—after expiration of Singer's patents—a competitor introduced a sewing machine with the same "general external appearance" as Singer's. *Id.* at 170. Singer sued to enjoin the sale of the competitor's machine under state law on the ground that, *inter alia*, the product was confusingly similar to Singer's. *Id.* This Court recognized "that the necessary result of the existence of [Singer's] patent was to give to the Singer machines, as a whole, a distinctive character and form which caused them to be known as Singer machines"—*i.e.*, in modern parlance, trade dress. *Id.* at 179. But in view of the public's right to copy and use the subject of an expired patent, the Court rejected the notion that a "manufacturer, on the cessation of [its patent] monopoly, [has] the right to prevent the making by another of a like machine in the form in which it was made during the life of the patents." *Id.* at 184.

Kellogg is to the same effect. There, the National Biscuit Company brought suit under state unfair competition law to enjoin Kellogg's sale of shredded wheat in the same "generally known * * * pillow-shaped form" as National Biscuit's cereal. 305 U.S. at 113. National Biscuit had obtained product and process patents on its shredded wheat cereal. This Court held that Kellogg had the right to copy the biscuit upon expiration of the patents. As Justice Brandeis wrote for the Court:

> The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—

> the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. * * * Hence, upon expiration of the patents the form * * * was dedicated to the public. [*Id.* at 119-120.[10]]

In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 230 (1964), the Court reaffirmed that "when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public." That case involved a dispute over the sale of pole lamps. Stiffel secured a patent on this type of lamp, and used it with "decided commercial success." *Id.* at 226. When Sears marketed a "substantially identical lamp," Stiffel sued for patent infringement and unfair competition under state law. Because it was determined that Stiffel's patent was invalid, this Court held that Sears "had every right to [copy its pole lamp] under the federal patent laws. That Stiffel originated the pole lamp and made it popular [was] immaterial." *Id.* at 231.

The Court further held that state unfair competition law could not be invoked to defeat the public's right to copy under the patent laws. "Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws." *Id.* Stiffel sought "perpetual protection" for its pole lamp under unfair competition law, when "federal law grants only 14 or 17 years' protection to genuine inventions." *Id.* at 232. According such protection "would be too great an

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[10] *See also Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945) ("we have held that the patentee may not * * * secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent").

encroachment on the federal patent system to be tolerated." *Id.*[11]

Bonito Boats underscores the continuing vitality of these principles. There, the Court invalidated a state law making it unlawful to use a particular process to duplicate an unpatented boat hull. As the Court explained, the law at issue "substantially restrict[ed] the public's ability to exploit ideas that the patent system mandates shall be free for all to use," and thus intolerably altered the "careful balance" underlying the federal patent system. 489 U.S. at 167. In so holding, the Court was "troubled" by the lower court's statement that "the patent laws say 'nothing about the right to copy or the right to use.'" *Id.* at 164 (quoting decision). "For almost 100 years," the Court admonished, "it has been established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use.'" *Id.* at 165 (emphasis in original).

3. As the Tenth Circuit observed in *Vornado*, 58 F.3d at 1505, while it is possible "to identify distinctions between those cases and the one before us today," it is "impossible to ignore the clear and continuing trend [that this Court's precedents] collectively manifest in favor of the public's right to copy." The Sixth Circuit decision below—as well as the decisions of the other circuits that allow trade dress protection for a product configuration covered by an expired patent—buck this clear trend, and "substantially restrict[] the public's ability to exploit ideas that the patent system mandates shall be free for all to

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11 *Compco Corp.* v. *Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964), was decided the same day as *Sears* and laid down the same law. *See id.* at 237 ("[W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever federal patent and copyright laws leave in the public domain.").

use." *Bonito Boats*, 489 U.S. at 167. *See also* Geremia, *supra*, at 809 (in holding that product configurations covered by expired patents are entitled to trade dress protection, lower courts have "gallop[ed] off in disregard of [this Court's] precedents") (quotation omitted); *Kohler Co.* v. *Moen, Inc.*, 12 F.3d at 647 (discussing conflict with this Court's decisions) (Cudahy, J., dissenting); *Esercizio* v. *Roberts*, 944 F.2d at 1253 (Kennedy, J., dissenting) (same).

As cases such as *Singer* and *Kellogg* make clear, when MDI's utility patents expired, its invention entered the public domain, and "there passe[d] to the public the right to make [sign stands] in the form in which [MDI's stand] was constructed during the patent[s]." *Singer*, 163 U.S. at 185. This includes the right to copy and use the dual-spring configuration of MDI's sign stand—the key utilitarian element of the product and ingredient of its commercial success. And as cases such as *Sears* and *Bonito Boats* establish, the public's—and thus TrafFix's—right to copy the configuration made popular by MDI may not be defeated by cloaking the subject of MDI's patents with "perpetual protection" under trademark law, when patent law "grants only * * * 17 years' protection" for this configuration. *Sears*, 376 U.S. at 232. A contrary result "would be too great an encroachment on the federal patent system to be tolerated." *Id.*[12]

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12 In *Sears* this Court observed in dicta that States "may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." 376 U.S. at 232. But in the same passage the Court also made clear that—"because of the federal patent laws"—"a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself." *Id.* at 232-233. When *Sears* was decided, trade dress was a much narrower concept than it is today; indeed, as *Sears* indicates, it was generally limited to a product's "packaging" or "markings." *Id.* The doctrine had not yet evolved to the point where it is today, extending to a product's configura-

As this case and the analogous cases discussed in Part I above "clearly show," "trade dress protection can directly interfere with the public's ability to practice patented inventions after the patents have expired," and thus "impinges seriously upon the patent system's core goals." *Vornado*, 58 F.3d at 1508. *See also Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d at 1580, quoted *supra* at 16; Geremia, *supra*, at 805 (unless courts follow the Tenth Circuit approach, "it is likely that an onslaught of trade dress infringement claims involving product configurations disclosed in expired utility patents will practically nullify the one-hundred-year-old right to copy from expired utility patents"). That could scarcely be more clear here: in this trade dress infringement action, MDI seeks—and thus far has obtained—the same protection (*after* its patents expired) that it received in invoking the patent laws to block the sale of Winn-Proof's sign stands (*before* its patents expired). *See supra* at 5.

There is no indication that Congress intended to confer trade dress protection under the Lanham Act upon the subject of expired patents. Indeed, while this Court has construed the Lanham Act to protect against trade dress infringement, trade dress is a judge-made concept that only recently has evolved to the point where it encompasses product configuration or design. *See Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.LW. at ——; Mohr, *supra*, at 370-371. In any event, even if Congress *did* intend the Lanham Act to extend this far, the Constitution would preclude it. The Patent Clause only grants Congress the authority to confer patent monopolies "for

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tion or design. *See Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.L.W. at ——; note 1, *supra*. Invoking modern trade dress law to protect an unpatented product's configuration leads to the very result proscribed in *Sears*—it effectively "prohibit[s] the copying of the article itself," substantially restricting the public's right to copy the invention covered by the expired patent, as opposed to its packaging or markings.

limited Times." U.S. Const. art. I, § 8, cl 8 (emphasis added). Thus, "Congress may not create patent monopolies of unlimited duration." *Bonito Boats*, 489 U.S. at 146. *See I.P. Lund Trading ApS* v. *Kohler Co.*, 163 F.3d 27, 51 (1st Cir. 1998) ("A central limitation on patent and copyright protection, stemming from the Constitution itself, is that it is limited in time.") (Boudin, J., concurring).[13]

Congress may not contravene the Patent Clause directly by issuing patents of unlimited duration, and it may not do so indirectly by cloaking the discoveries embodied in patents with trademark protection once they have entered the public domain.[14] This Court has already recognized as much, in the context of discussing the purpose behind trademark's functionality doctrine:

> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (be-

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[13] The Framers' decision to limit Congress' patent power to the grant of monopolies for "limited Times" was by no means fortuitous. As this Court has explained, the Patent Clause "was written against the backdrop of the practices—eventually curtailed by the Statute of Monopolies—of the Crown in granting monopolies to court favorites in goods or businesses which had long before been enjoyed by the public." *Graham* v. *John Deere Co.*, 383 U.S. 1, 5-6 (1966) (citing Peter Meinhardt, *Inventions, Patents and Monopoly* 30-35 (London 1946)).

[14] *See Sears*, 376 U.S. at 231; *Scott Paper Co.*, 326 U.S. at 256 ("any attempted * * * continuation in the patentee * * * of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent law"), (emphasis added).

cause trademarks may be renewed in perpetuity). [*Qualitex*, 514 U.S. at 164-165.]

In relegating the determination whether a product configuration covered by an expired patent is entitled to trade dress protection to a run-of-the-mine functionality analysis, the Sixth Circuit—and other circuits that follow the same basic approach—have undermined broader institutional concerns reflected in this Court's cases. "Applying a strict rule—one that precludes from trade dress protection any feature or configuration disclosed in a utility patent * * *—would best effectuate patent goals by ensuring that all matters disclosed in a patent are free for all to copy and use." Mohr, *supra*, at 429. Such a "strict rule" also would "prevent [these types of cases] from arising in the first place," since "[i]nventors would have a relatively clear and predictable standard, and careful claims draftsmanship and prosecution would prevent the sacrifice of potential trade dress rights when obtaining utility patent protection." Note, *Recent Case* (Vornado), 109 Harv. L. Rev. 1457, 1462 (1996). "Anything less than a strict rule," on the other hand, would make the market "hesitant to take advantage of inventions coming off patent for fear of [Lanham Act litigation]," stifling competition. *Thomas & Betts Corp.*, 935 F. Supp. at 1408. *See Wal-Mart Stores*, 68 U.S.L.W. at —— ("[c]ompetition is deterred * * * not merely by successful suit but by the plausible threat of successful suit").

Promoting litigation rather than competition is, to say the least, not what Congress—let alone the Framers—had in mind in establishing the patent system.

III. THE CIRCUIT CONFLICT CONCERNS A MATTER OF OVERRIDING IMPORTANCE AS TO WHICH NATIONAL UNIFORMITY IS REQUIRED.

"One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property."

Bonito Boats, 489 U.S. at 162. *See Sears*, 376 U.S. at 231 n.7 (it is "[t]he purpose of Congress to have national uniformity in patent and copyright laws"). The acknowledged circuit split on the question presented seriously impedes such uniformity, allowing—indeed, encouraging—the public to copy and use product configurations covered by expired patents in some parts of the country, but subjecting the public to liability for trade dress infringement for doing so in others.

This lack of uniformity is especially intolerable in light of the undeniable importance of the question presented. "[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. The position adopted by the Sixth Circuit below—and the other circuits that allow trade dress protection for the subject of an expired utility patent—penalizes imitation and thus stifles competition. *See Kohler Co.* v. *Moen, Inc.*, 12 F.3d at 644 ("This is a crucially important issue for the maintenance of a free and competitive economy.") (Cudahy, J., dissenting). Similarly, "[a] central tenet of intellectual property protection in the United States is the existence of a bargain between society on the one hand, and inventors * * * on the other." Mohr, *supra*, at 344. This bargain "encourages both the creation and public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time." *Pfaff* v. *Wells Electronics, Inc.*, 525 U.S. at 63-64. According product configurations that are the subject of expired patents perpetual trade dress protection radically alters this bargain, shortchanging the public—which grants patent monopolies only on the condition that, when they expire, the public has the right to copy the invention as it sees fit.

Given the exceptional importance of the question presented, it is not surprising to find that it has already been

the subject of extensive scholarly commentary[15]—and litigation. As the breadth of the conflict implicated by this case underscores, "[n]umerous cases in recent years have struggled with the relationship between patent and

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[15] The academic commentary grappling with the question presented by this case is practically legion. *See, e.g.*, 1 McCarthy, *supra*, § 6:10, *Utility Patent and Trademark Conflict: Product Shapes*; Gwendolyn Gill, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. Cin. L. Rev. 1269 (1999); R. Lawton Jordan III, Thomas & Betts Corp. *v.* Panduit Corp.—*Toward A Coherent View of Trade Dress Protection for Product Configuration*, 6 J. Intell. Prop. L. 323 (1999); Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779 (1998); Judith Beth Prowda, *The Trouble With Trade Dress Protection of Product Design*, 61 Alb. L. Rev. 1309 (1998); Manotti L. Jenkins, *A Request to the High Court: Don't Let the Patent Laws Be Distracted By A Flashy Trade Dress*, 15 J. Marshall J. Computer & Info. L. 323 (1997); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119 (1997); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Quality for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339 (1997); Ruby Ann David, *Federal Preemption of a Federal Statute: The Case of* Vornado Air Circulation Systems *v.* Duracraft Corp., 21 J. Corp. L. Santa Clara L. Rev. 253 (1996); Andrea Falk, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of* Vornado Air Circulation Sys. *v.* Duracraft Corp., 21 J. Corp. L. 827 (1996); Kerrie A. Laba, *Have Trade Dress Infringement Claims Gone Too Far Under the Lanham Act?*, 42 Wayne L. Rev. 1649 (1996); David W. Opderbeck, *Form and Function: Protecting Trade Dress Rights in Product Configurations*, 20 Seton Hall Legis. J. 1 (1996); Michael S. Pérez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?*, 4 Tex. Intell. Prop. J. 383 (1996); Michael E. Peters, *When Patent and Trademark Law Hit the Fan: Potential Effects of* Vornado Air Circulation Systems, Inc. *v.* Duracraft Corp. *on Legal Protection for Industrial Design*, 14 Temp. Envtl. L. & Tech. J. 123 (1996); Anthony E. Dowell, *Trade Dress Protection of Product Designs: Stifling the Progress of Science and the Useful Arts for an Unlimited Time*, 70 Notre Dame L. Rev. 137 (1994). Like the federal circuits, the commentators are deeply divided on this important issue, too.

trademark law in the context of trade dress." Jordan, *supra*, at 324 (footnote omitted). And, as one commentator has observed, the fact that some courts—including the Sixth Circuit below—have embraced "trade dress infringement claims involving product configurations disclosed in expired utility patents" is likely to result in an "onslaught" of such claims in the future. Geremia, *supra*, at 805. *See also* Gill, *supra*, at 1295 (discussing "sheer number cases involving the intersection of patent and trademark law (under the guise of trade dress)"). The question presented, therefore, is not going to resolve itself. Quite the contrary, it only has become more pressing with the issuance of decisions—such as the Sixth Circuit decision below—greatly expanding the law of trade dress and granting established businesses a new and powerful weapon against firms trying to enter the marketplace.

* * *

The federal circuits are sharply divided on whether federal trade dress protection extends to a product configuration covered by an expired utility patent. The courts themselves have acknowledged the split. The Sixth Circuit decision below not only deepens the conflict, but also contravenes this Court's own precedents. The question presented is undeniably important, both as an economic and doctrinal matter. Under this Court's customary criteria, certiorari is plainly warranted.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
SIXTH CIRCUIT

Nos. 97-1148, 97-2096 and 97-2097

MARKETING DISPLAYS, INCORPORATED,
Plaintiff-Appellee/Cross-Appellant,

v.

TRAFFIX DEVICES, INCORPORATED,
Defendant-Appellant/Cross-Appellee.

Argued Sept. 21, 1999
Decided Dec. 29, 1999

Before: BOGGS and DAUGHTREY, Circuit Judges; and McKINLEY,* District Judge.

OPINION

BOGGS, Circuit Judge.

This consolidated appeal concerns three related but distinct disputes between the parties. Marketing Devices, Inc. (owner of the WindMaster trademark) claims that TrafFix Displays, Inc. (owner of the WindBuster trademark) has infringed its trademark, infringed its trade

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* The Honorable Joseph H. McKinley, Jr., United States District Judge for the Western District of Kentucky, sitting by designation.

dress, and violated federal unfair competition laws in the process. TrafFix denies these charges, and counterclaims that MDI, by aggressively pursuing sham litigation to extend its patent, has violated § 2 of the Sherman Antitrust Act, which prohibits attempts to monopolize. MDI's unfair competition claim turns on the same evidence as its trademark and trade dress claims, so the three real disputes raised for consideration are 1) infringement of the WindMaster trademark, 2) infringement of the WindMaster trade dress, and, should those claims prove sufficiently unfounded, 3) MDI's alleged attempt to monopolize through sham litigation. TrafFix appeals the district court's order granting summary judgment against TrafFix and enjoining use of its infringing trademark, as well as the dismissal of its antitrust counterclaim. MDI cross-appeals the district court's grant of summary judgment to TrafFix on MDI's trade dress and federal unfair competition claims.

We find no reason to disturb the district court's order permanently enjoining use of the WindBuster trademark. However, because we believe that MDI established genuine issues of material fact on its trade dress and unfair competition claims, we reverse the district court's summary judgment on those issues. In light of these holdings, we affirm summary judgment for MDI on the antitrust counterclaim brought by TrafFix.

I

MDI manufactures a number of different products for sale to the highway construction industry. In particular, it markets a popular, wind-resistant, mobile, traffic-sign stand under the brand name WindMaster, which was trademarked July 5, 1977. The WindMaster sign's design depends in part on patents for a dual-spring base that helps the sign resist windy conditions. MDI's president

Robert Sarkisian developed the patented sign stand in the mid-1960s, and the last relevant patent expired on May 16, 1989, seventeen years after its issuance. TrafFix also sells traffic safety products to the highway construction industry. Knowing that the technology protected by a patent becomes available to the public after the patent expires, TrafFix owner and president Jack Kulp sent an MDI sign to Korea to be reverse engineered into a product he could sell in competition with MDI. Before founding TrafFix, Kulp had distributed WindMaster signs as an employee at another company. TrafFix brought its sign to market in the fall of 1994, but did not begin using the brand name WindBuster until mid-1995. Kulp says he chose the name WindBuster, suggested by a business associate, because it connoted wind resistance, he liked it, and it sounded "like breaking and busting a bronco. . . ."

Before using the name, Kulp directed a patent attorney to conduct a trademark search to determine the availability of WindBuster as a trademark for traffic signs. Attorney Donald Stout concluded in a January 11, 1994 opinion letter that TrafFix had a "reasonably good chance" of registering WindBuster despite the prior marks of WindMaster and WindFlex for traffic-sign stands. He believed that there was not any confusing similarity between WindBuster and the other marks, especially given the "specialized field" and "discriminating" consumer base. TrafFix then filed an application to register WindBuster as a trademark with the United States Patent and Trademark Office on February 10, 1994. The examining attorney found no similar registered mark that would bar registration. The PTO published the proposed new trademark in its Official Gazette on March 14, 1995, to provide an opportunity for anyone to object to the mark's use. No one objected within the post-publication period prescribed by law. Thus, the PTO allowed the Wind-

Buster trademark on June 21, 1995. The trademark registration for WindBuster issued on January 9, 1996.

In the meantime, MDI quickly became aware of the new trademark and filed its initial complaint in this case on July 11, 1995. In an order dated January 13, 1997, the district court granted summary judgment to MDI on its trademark infringement claim, permamently enjoined TrafFix's use of the infringing mark, and dismissed TrafFix's antitrust counterclaim. Then, on June 12, 1997, the district court granted summary judgment to TrafFix, dismissing MDI's trade dress and unfair competition claims. The parties filed timely notices of appeal on the issues adverse to them, and the district court certified all liability issues as final for appeal on September 11, 1997.

II

This court reviews *de novo* the district court's grant of summary judgment as a trademark infringement and its issuance of a permanent injunction. *See Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir.1997). Because the district court granted summary judgment rather than conducting a trial on this issue, a *de novo* standard of review applies to the entire appeal of the trademark and trade dress claims. *See id.* at 279-80. Summary judgment on the antitrust counterclaim is likewise reviewed *de novo*, but this court reviews for abuse of discretion the district court's decision not to allow discovery on the antitrust counterclaim. *See Glen Eden Hosp., Inc. v. Blue Cross and Blue Shield of Mich., Inc.*, 740 F.2d 423, 428 (6th Cir.1984).

III

As noted by the district court, to prevail on a motion for summary judgment in its Lanham Act trademark in-

fringement claim, MDI must prove that the purportedly infringing mark is "likely to cause confusion" in prospective purchasers' minds. 15 U.S.C. § 1114; *See Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir.1988); *See also Homeowners Group, Inc. v. Home Mktg. Specialists Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991) (identifying the ultimate question as "whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way"); *Daddy's Junky Music*, 109 F.3d at 280 (calling the key question "whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties"). Likelihood of trademark confusion can be a question of law appropriate for determination on a motion for summary judgment. *See WSM, Inc. v. Tennessee Sales Co.*, 709 F.2d 1084, 1086 (6th Cir.1983).

The Sixth Circuit has identified eight factors as informing the likelihood of confusion inquiry:

1. strength of the plaintiff's mark;
2. relatedness of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the mark; [and]
8. likelihood of expansion of the product lines.

Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 648 (6th Cir.1982), *quoting AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979). None of these factors is a *sine qua non* for the plaintiff's case, so the defendant does not necessarily establish a genuine issue of

material fact merely by disproving the existence of any one—or even a majority of—the factors. *See Wynn Oil,* 839 F.2d at 1186. Rather, summary judgment for the plaintiff is appropriate if, upon consideration of all factors, the district court determines that no reasonable jury could fail to find that confusion of the marks would be likely.

TrafFix argues that summary judgment is not appropriate whenever "there is a dispute regarding the underlying factors." That argument misconstrues the holding in *Homeowners,* where this court stated:

> To resist summary judgment in a case where the likelihood of confusion is the dispositive issue, a nonmoving party must establish, through pleadings, depositions, answers to interrogatories, admissions and affidavits in the record, that there are genuine factual disputes concerning those of the *Frisch's* factors which may be material in the context of the specific case.

Homeowners, 931 F.2d at 1107. This language does not indicate that any disputed factor is enough, because any one factor standing alone may not be material. Indeed, the district court is apt to find, as it did here, that at least one factor favors the nonmoving party. Since that does not prevent an overall finding of confusion in the movant's favor, it would be illogical for a merely disputed factor to preclude summary judgment. *Homeowners* must be understood to mean that the nonmoving party's burden is to identify a disputed factor or set of factors whose resolution would necessarily be dispositive on the likelihood of confusion issue.

Without regard to the *Frisch's* factors, TrafFix claims its own registered mark earns a presumption against infringement by virtue of the PTO's allowing the Wind-

Buster trademark. It cites no case law in direct support of this proposition. It cites an 1894 Supreme Court case holding that where the question of priority of invention in a patent case is doubtful, the decision of the patent office must control. *See Morgan v. Daniels,* 153 U.S. 120, 125, 14 S.Ct. 772, 38 L.Ed. 657 (1894). Even that case expressly states that the patent office's decision may be overcome by testimony "sufficient to produce a clear conviction that [it] made a mistake." *Id.* at 129, 14 S.Ct. 772. The other case cited by TrafFix says that the presumption of a patent's validity is a statutory presumption, that the constant burden (notwithstanding the presumption) is to convince the court of a patent's invalidity by clear evidence, and that no deference is due a PTO decision with respect to evidence the PTO did not consider. *See American Hoist & Derrick Co. v. Sowa & Sons,* 725 F.2d 1350, 1360 (Fed.Cir.1984). None of this helps TrafFix. TrafFix argues for a procedural presumption (or at least a reasonable inference drawn in its favor) that the trademark examining attorney at the PTO actually examined the WindMaster mark and found that the WindBuster mark did not infringe it. But, as the district court noted, there is no evidence that the PTO considered the WindMaster mark, and the PTO might have made a mistake.

A brief review of the lower court findings on each of the *Frisch's* factors will demonstrate the validity of its legal conclusion that there is sufficient likelihood of confusion to warrant a permanent injunction against the WindBuster mark.

A. Strength of the plaintiff's mark

TrafFix concedes the incontestable status of MDI's WindMaster trademark as to the goods listed in the registration certficate. The district court found that the prod-

uct description in the registration certificate was broad enough to cover MDI's traffic signs, especially given the "virtually identical" language used in the certificate TrafFix received for its WindBuster mark. This factor clearly favors MDI.

B. Relatedness of the goods

TrafFix does not contest on appeal the district court's finding that the parties' goods are related. Hence, this factor clearly favors MDI.

C. Similarity of the marks

TrafFix relies on the PTO's registering of its own WindBuster trademark as suffiicently credible evidence of dissimilarity to create a genuine issue of material fact. The district court found that the WindMaster and WindBuster marks connote the same meaning and resemble one another in look and sound, especially given the similar script and capitalization of the fifth letter and the dominance of the "Wind" prefix. Moreover, as the district court, held, such a dominant impression receives great weight in determining the likelihood of confusion. *See Kangol v. Kangaroos U.S.A. Inc.*, 974 F.2d 161, 163 (Fed.Cir.1992). Indeed, it would be difficult for TrafFix to adopt a mark that is closer to WindMaster than is WindBuster. This factor favors MDI.

D. Evidence of actual confusion

TrafFix contends that the lack of evidence of actual confusion precludes summary judgment on likelihood of confusion. Because the two parties had been competing with the similar marks for over two years when summary judgment was briefed, TrafFix also argues for an inference that significant concurrent sales means that no likelihood of confusion has existed. Alternatively, TrafFix

suggests that isolated evidence of actual confusion means little given the length of time during which the marks competed. The district court appropriately refused the invitation to draw an inference of no actual confusion from the dearth of evidence, because the marks had not competed against one another for nearly as long as marks in prior cases where such an inference has been drawn. Moreover, because a Lanham Act case only requires proof of potential confusion and not actual confusion, this factor is not as central as TrafFix argues. *See Daddy's Junky Music*, 109 F.3d at 284.

The district court deemed as hearsay and refused to admit into evidence the declarations of MDI employees attesting to telephone conversations in which purchasers called asking about WindBuster signs.[1] The court accepted a declaration from a purchaser stating that he assumed WindBuster was an MDI product, but called the testimony *de minimis* proof. However, even one case of actual confusion can be significant. *See id.* at 284-85. This is true both because it suggests there may be other undiscovered instances of actual confusion, and because it

[1] MDI argues that the declarations of its employees about actual instances of confusion are not hearsay since they are not being offered to prove the truth of any matter asserted by the callers (*e.g.*, that the callers were already purchasing MDI's products). Moreover, MDI argues that the declarations fall within the state of mind exception that has been recognized by the Second, Fifth, Seventh, and Tenth Circuits, but rejected by the Eighth Circuit and not decided by the Sixth Circuit. *See Fun-Damental Too, Ltd. v. Gemmy Ind. Corp.*, 111 F.3d 993, 1003-04 (2d Cir.1997); *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1160 (5th Cir. 1982); *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1090-91 (7th Cir.1988); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1487 (10th Cir.1987). *But see Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1098 (8th Cir.1996). Like the district court, we find no need to address this evidentiary question since MDI prevails on the trademark issue without the use of this evidence.

strongly suggests the potential for confusion. The district court found that this factor favors neither party, but we hold that it favors MDI at least slightly.

E. Marketing channels used

TrafFix does not contest on appeal the district court's finding that the parties use similar trade channels. Hence, this factor clearly favors MDI.

F. Likely degree of purchaser care

TrafFix agrees with the district court's finding that professional purchasers comprise the buyer class in this case and points to the affidavit of its expert and this court's previous holding that such buyers will have a low propensity to be confused. *See Homeowners,* 931 F.2d at 1111. MDI contends that the "vast majority of buyers are unskilled contractors and buyers who consider price as the primary factor, and whose decisions are typically based on need, convenience and cost." Significantly, the *de minimis* example of actual confusion produced by MDI came from a professional purchaser. He understood there were two marks, but he assumed erroneously that WindBuster was another item in the WindMaster line. Purchaser care may be higher than average in this case, but some mistakes are still likely. At most, this factor slightly favors TrafFix.

G. Defendant's intent in selecting the mark

The district court held that seeking an opinion of a trademark attorney and receiving approval of the Trademark Office prior to using the WindBuster mark precludes a finding of improper intent by TrafFix. That Kulp, the owner of TrafFix, sought the advice of counsel and the approval of the PTO does not disprove that he hoped to trade on the goodwill and reputation of the WindMaster

brand. It merely indicates that he wanted to do so while staying within the bounds of the law. Intent in selecting the mark is a factor more likely to favor the owner of an infringing mark who was unaware of the prior similar mark. *See Worthington Foods, Inc. v. Kellogg Co.,* 732 F.Supp. 1417, 1449-50 (S.D.Ohio 1990); *See also Little Caesar Enters., Inc. v. Pizza Caesar, Inc.,* 834 F.2d 568, 572 (6th Cir.1987).

Kulp formerly distributed WindMaster signs, was aware of the favorable reception of WindMaster products in the marketplace, reverse-engineered a WindMaster sign to develop his own product, mimicked the WindMaster sign's appearance, and selected a similar name It strains credulity to believe WindBuster was associated in Kulp's mind more with the idea of a bucking bronco than with a similar-sounding sucessful manufacturer of road-sign stands. Still, finding of willful and intentional trademark infringement seems improper given that TrafFix did delay using its mark until it received PTO approval.

If the WindBuster mark was chosen with the intent to cause confusion, that alone may be sufficient to infer confusing similarity. *See Homeowners,* 931 F.2d at 1111, *citing Wynn Oil,* 839 F.2d at 1189. There is at least some record evidence suggesting that TrafFix misled its attorney with regard to some relevant facts in rendering his opinion. Thus, while this factor may not favor either party, TrafFix is not wholly innocent here.

H. Likelihood of expansion of the product lines

The parties agreed that this factor favored neither of them.

Looking at the eight factors together, only purchaser care favors TrafFix, and that only slightly. This one factor by itself does not create a genuine issue of material

fact as to the likelihood of confusion. The district court found more factors favoring TrafFix, which suggests it made every effort to draw inferences in favor of TrafFix. Yet the district court nonetheless concluded that WindMaster and WindBuster are confusingly similar marks as a matter of law. The arguments on appeal provide no reason to disturb that decision.

IV

The Lanham Act's protection of registered trademarks extends also to unregistered trade dress. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n. 2, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992); *See also Esercizio v. Roberts*, 944 F.2d 1235, 1238 (6th Cir.1991). To recover for trade dress infringement under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), MDI must prove by a preponderance of the evidence: 1) that its trade dress has obtained "secondary meaning" in the marketplace; 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily nonfunctional. *See Esercizio*, 944 F.2d at 1239; *See also Kwik-Site Corp. v. Clear View Mfg. Co. Inc.*, 758 F.2d 167, 178 (6th Cir.1985). To defeat summary judgment, MDI must show a genuine issue of material fact as to each of these issues.

A. Secondary meaning

A product's trade dress becomes sufficiently distinctive to qualify for protection under the Lanham Act if it is either inherently distinctive or if it acquires secondary meaning. *See Two Pesos*, 505 U.S. at 769, 112 S.Ct. 2753. "To acquire a secondary meaning in the minds of the buying public, an article of merchandise . . . must proclaim its identification with its source, and not simply stimulate inquiry about it." *Esercizio*, 944 F.2d at 1239,

quoting West Point Mfg. Co. v. Detroit Stamping Co., 222 F.2d 581, 595 (6th Cir.1955); *See also Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 659 (7th Cir.1995) ("*Thomas & Betts I*") ("Consumers must . . . desire the product with the particular feature because it signifies that producer"). To test secondary meaning, the district court applied the seven factors used in the *Sassafras Enterprises* trade dress case:

1. direct consumer testimony;
2. consumer surveys;
3. exclusivity, length, and manner of use;
4. amount and manner of advertising;
5. amount of sales and number of customers;
6. established place in the market; and
7. proof of intentional copying.

See Sassafras Enters., Inc. v. Roshco, Inc., 915 F.Supp 1, 7 (N.D.Ill.1996). After examining these factors, the lower court concluded that no reasonable trier of fact could determine that MDI had established secondary meaning in the trade dress of its WindMaster signs. However, the inquiry was hampered by the district court's confining the question to whether the dual-spring configuration (rather than the trade dress in its entirety) identifies MDI as the source of the WindMaster sign.

1. Direct consumer testimony

MDI offered the deposition testimony of TrafFix employees and a former MDI marketing manager that they could recognize an MDI WindMaster sign stand when driving by on the highway. The district court did not credit this evidence, reasoning that these deponents were not consumers. MDI points to a Seventh Circuit case

where nonconsumer testimony was admitted to show secondary meaning where deponents were distributors rather than ultimate consumers. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 294 (7th Cir.1998) (*"Thomas & Betts II"*).

2. Consumer surveys

No consumer surveys were provided to the court before the motion for summary judgment was filed. The district court refused to weigh unsworn testimony from 40 purchasers attesting to their association of the WindMaster trade dress with MDI that was submitted in untimely fashion and without leave of the court.

3. Exclusivity, length, and manner of use

The district court acknowledged the length of time over which MDI has used its trade dress, but discounted that portion (all but five years) that overlapped with its patents. MDI responds that the patents never covered the trade dress, because the two are separate kinds of intellectual property and that MDI, in any event, enjoyed five years of unique trade dress after the patents expired and before TrafFix began using a similar trade dress.

MDI also licensed its dual-spring configuration to Eastern Metal company around 1986. The district court found that this undercut identification of that product feature with one source. *See Sassafras*, 915 F.Supp. at 8, *citing* 1 J. Thomas McCarthy on Trademarks and Unfair Competition § 8.02[5], (3d ed.1995). MDI asserts that Eastern Metal paid in part for the use of the trade dress, which should support that it has a secondary meaning worth acquiring.

4. Amount and manner of advertising

The district court found that the amount of advertising, while substantial, did not establish much without showing that a link was established in the mind of consumers. Moreover, the court found that MDI's advertising emphasized no particular aspect of WindMaster's look, merely pictured the product, and did not identify anything as trade dress.

MDI responds that its promotional literature, mailers, and trade show miniature stands all illustrate the look of the sign stand, and that other courts have found such advertising persuasive. *See Sara Lee Corp. v. American Leather Prods., Inc.*, No. 97 C 4158, 1998 WL 433764, at *13 (N.D.Ill. July 29, 1998) ("COACH's print advertisements highlight the trade dress to the consumer by featuring the products in isolation"); *See also Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572 (Fed. Cir.1988) (finding secondary meaning for shape of guitar head always appearing in advertising and promotional literature).

5. Amount of sales and number of customers

The district court discounted this factor since sales success could be attributed to a number of factors other than trade dress. It also noted that MDI's figure of more than $1 million in annual sales for over 20 years was not compared to any competitor's numbers to provide context. MDI argues that the only evidence in the record to account for WindMaster's sales success is the goodwill built up in its trademark and trade dress.

6. Established place in the market

No market-share information is in the record.

7. Proof of intentional copying

The district court found that although TrafFix intentionally copied MDI's design, it did not necessarily do so to confuse customers. In so finding it relied on deposition testimony provided by TrafFix claiming that MDI's design was copied because it was believed to be in the public domain after the WindMaster patents expired.

MDI responds that intentional copying merits a stronger inference of trying to take advantage of an existing secondary meaning than the lower court allows; however, the cases cited by MDI do not involve a utility patent that could provide an ulterior motive here. *See Esercizio,* 944 F.2d at 1239; *See also DAP Products, Inc. v. Color Tile Mfg., Inc.,* 821 F.Supp. 488, 492 (S.D.Ohio 1993). There is nothing to copy from a design-patented article other than its look, but if form follows function, a similar look might naturally result from copying the protected mechanism in a utility patent. The inference MDI urges does not conclusively show that TrafFix sought to take advantage of an extant secondary meaning.

Nevertheless, drawing all reasonable inferences in favor of the nonmoving party, we must conclude that MDI has shown that a genuine issue of material fact exists as to secondary meaning for its sign stand's trade dress. Considering the sign stand as a whole, and not just the dual-spring configuration, a reasonable juror could conclude that the WindMaster sign stand had obtained secondary meaning in the marketplace that TrafFix sought to misappropriate.

B. Confusing similarity

After conducting a *Frisch's* factor analysis as is proper for trade dress as well as trademark confusion cases, the district court was unwilling to hold as a matter of law

that the two trade dresses are not confusingly similar. Since the district court thus based its grant of summary judgment for TrafFix on the other two requirements, there is no need to consider the *Frisch's* factor analysis in detail here.

C. Primarily nonfunctional

Finally, MDI must show that the trade dress features appropriated from WindMaster were primarily nonfunctional. This requirement ensures that trade dress protection will not be used effectively to extend a patent: "The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex Co. v. Jacobson Prods. Co.,* 514 U.S. 159, 164, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995). The Sixth Circuit deems a product feature to be legally functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Esercizio,* 944 F.2d at 1246, *quoting Inwood Laboratories, Inc. v. Ives Laboratories, Inc.,* 456 U.S. 844, 850 n. 10, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982).

The district court's conclusion that WindMaster's purported trade dress was instead an unprotectable functional element rested on three main findings. First, it found that the utility patent disclosed the dual-spring design as functional, so that WindMaster is estopped from arguing that it is nonfunctional in the trade dress context. Second, the district court found that the dual-spring design had been promoted as functional, rather than as aesthetic or a merely identifying feature. Finally, the lower court found that recognizing WindMaster's trade dress claim would put competitors at a disadvantage by affecting the cost and quality of the alternative designs remaining for their use.

In determining that a prior utility patent creates a presumption against a trade dress claim, the district court relied heavily on the McCarthy treatise: "[O]ne cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection." 1 J. Thomas McCarthy on Trademarks and Unfair Competition § 7:89 (4th ed.1996). In his patent application Sarkisian, MDI's president, claimed that "two spaced apart spring connections . . . prevent twisting of the sign frame." In subsequent successful litigation over the patent, Sarkisian contended that closely-spaced dual-coil springs were functionally equivalent and covered by the patent. MDI contends that litigation over the patent concerned the utility of the dual-spring design, while litigation over trade dress concerns the appearance of the dual-spring design.

A circuit split exists as to whether a utility patent disclosure forecloses trade dress protection. The Fifth, Seventh, and Federal Circuits have held or strongly suggested that a utility patent disclosure does not prevent trade dress protection. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 256 (5th Cir.1997) ("[T]he fact that the American Classic Mixmaster® incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional"); *Thomas & Betts II*, 138 F.3d at 288 (reversing the district court's misstatement of the law and holding that "there is no per se prohibition against features disclosed in a patent receiving trademark protection after the patent has expired"); *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1362 (Fed.Cir. 1999) ("[S]tatements in a patent may provide evidence that the asserted trade dress is functional, and thus not entitled to legal protection. But the fact that a patent has

been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter" (citations omitted)). Only the Tenth Circuit, in an opinion that preceded the contrary rulings of the other three circuits, has held that "[w]here a product configuration is a significant inventive component of an invention covered by a utility patent . . . it cannot receive trade dress protection under section 43(a)." *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (10th Cir.1995).

The Tenth Circuit argued that a per se rule is necessary to effect the public policy underlying patent law of releasing protected designs after a period of time. But those functional designs may be separated from the appearance here. So long as it is possible to protect the appearance without protecting the design, a per se rule is not necessary. Here that might be possible, as MDI suggests, by not extending trade dress protection "to vertically arranged coil springs with other leg members (U-shaped, parallel, etc.) and/or with other uprights (twin poles, A-shaped, etc.) [that] may create an entirely different look altogether." It takes little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might also avoid infringing WindMaster's trade dress. The best way to decide the feasibility of such alternatives is to do a functional analysis of the trade dress unencumbered by any presumptions other than the ordinary burden of proof assumed by the plaintiff.

The district court next found functionality based on WindMaster's promotion of the dual-spring design's performance rather than its appearance. MDI argues that it has not specifically promoted the appearance of the dual springs because its trade dress is not confined to that element. Rather, the entire look of its WindMaster display sign stand has been promoted through pictures in catalogs

and a miniature stand used at trade shows. MDI is correct to contend that the lower court committed legal error by evaluating an individual component of the trade dress rather than its entirety. *See Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 71-72 (2d Cir.1994); *The Antioch Co. v. Western Trimming Corp.*, Nos. 98-3876, 98-3943, 1999 WL 777556, at *3 (6th Cir.1999), *quoting Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1271 (10th Cir.1988). The district court focused solely on the dual-spring design because it says that every other competitor uses the other elements of a single upright, four leg members extending out at angles, and a sign. This analysis fails to note that all of the other competitors lack the dual-spring design; they avoid emulating the trade dress in that manner. If TrafFix or another competitor chooses to use the dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing the WindMaster's trade dress. It is the combination of all the elements that, as MDI correctly argues, could confuse the public.

Finally, the district court found that protecting the trade dress asserted by MDI would put its competitors at a disadvantage beyond the merely reputational. Because the dual-spring design is one of a limited number of superior designs, the lower court found that the design element is a functional one. Presumably every limitation on what another competitor can do hinders competition somewhat. The appropriate question is whether the particular product configuration is a competitive necessity. If it affects the cost or the quality or the objective (non-reputational) desirability of competitors' products negatively enough, then the trade dress element may be deemed legally functional. Having any effect on cost or quality is not enough. Exclusive use of a feature must "put competitors at a *significant* non-reputation-related disadvantage" before trade dress protection is denied on functionality grounds. *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300 (emphasis added).

MDI points to its numerous competitors and their equivalent products as proof that MDI's trade dress is not a competitive necessity. The district court stated that those competitors' designs are themselves patented and therefore unavailable to TrafFix. That is beside the point. TrafFix does not get to copy the trade dress of its competitor whose patent has expired just because other design options are still under patent. TrafFix could come up with its own design, or license one of the outstanding patents, or use the dual-spring design in a way that does not infringe MDI's trade dress. As with intellectual property and competition law generally, the proper question is the overall effect on competition if a particular trade dress claim receives protection, not the prospects of any particular competitor when that protection is granted. *Cf. Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 458, 113 S.Ct. 884, 122 L.Ed.2d 247 (1993) (noting the policy of the Sherman Act to protect the public's interest in competition, not private concerns of competitors).

The same facts can support both trademark (and/or trade dress) infringement and unfair competition under § 43(a) of the Lanham Act. *See Frisch's Restaurants*, 849 F.2d at 1015. The unfair competition claim thus must be remanded for further proceedings along with the trade dress claim.

V

The parties agree and the district court noted that "before reaching the merits of an antitrust claim, it is necessary to identify the relevant markets." *Potters Med. Ctr. v. City Hosp. Ass'n*, 800 F.2d 568, 574 (6th Cir.1986). This prioritization, however, addresses market definition

a bit prematurely, at least in the context of a claim of sham litigation. The purpose of market definition is to determine whether the antitrust defendant actually exerts or threatens to exert monopoly control over any particular market segment. Under § 2, a defendant obviously cannot be illegally protecting a monopoly if it does not enjoy a monopoly in the first place. By the same token, however, if the activity of which the purported monopolist is accused would not be illegal even for a monopolist, then identifying a monopolized market is superfluous. Thus, while it is certainly necessary to identify a relevant market in order to prove a § 2 violation, it is not necessary to identify a relevant market in order to disprove a § 2 violation—which was MDI's goal in seeking summary judgment. As the *Potters* precedent itself demonstrates, it is possible to affirm summary judgment on claims of sham proceedings without first defining a relevant market. *See id.* at 574-75.

For this reason, it is possible to dispense with the market definition question until after deciding whether asserting trade dress rights after the expiration of a patent in the circumstances of this case can violate § 2. To prove that trademark or trade dress infringement litigation violates § 2, it must first be shown that the suit was "objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits." *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60, 113 S.Ct. 1920, 123 L.Ed.2d 611 (1993). Then TrafFix must show that MDI filed a baseless suit as "an attempt to interfere *directly*" with TrafFix's business relationships through the use of the process of litigation rather than the outcome sought. *Id.* at 60-61, 113 S.Ct. 1920, *citing Eastern R.R. Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 144, 81 S.Ct. 523, 5 L.Ed.2d 464 (1961). In other words, to

prevail on its antitrust claim, TrafFix must show that MDI brought its trade dress claim knowing it had no chance for success and with the intent of deterring competition.

As the district court noted, courts do allow parties to pursue trade dress rights in the face of an expired patent. *See Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 638 (7th Cir.1993). TrafFix argues that trade dress rights may be pursued after design patents expire, but not after utility patents expire. TrafFix points to no authority for this proposition, and there does not appear to be a per se rule to this effect, as discussed, *supra* at 939-40 (noting the weight of authority from other circuits against any such per se rule). Thus, TrafFix cannot argue that MDI had a baseless suit merely because its patent had expired.

Nor does TrafFix provide any reason to believe that a utility patent and trade dress protection must be mutually exclusive. The consensus on this question is that patent and trademark law protect different interests, and that "a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property." *Kohler*, 12 F.3d at 638-39 (collecting sources). If protectable at all, the trade dress of MDI's WindMaster signs is protectable separately from its patents. Moreover, as seen from the earlier discussion, MDI's claim of trademark and trade dress infringement is not so outlandish as to appear to be brought only to burden a competitor with litigation. This is especially true given the heretofore unsettled character of trade dress protection for product configurations in this circuit. Nor has TrafFix provided an ounce of evidence suggesting an improper motive on MDI's part. For these reasons, the district court properly held that MDI's trade dress claim was not an unlawful attempt to monopolize in violation of § 2.

Since the activity that MDI has undertaken has not been deemed anticompetitive, there is no reason to have allowed discovery on the market definition issue. The district court did not abuse its discretion in granting summary judgment before allowing discovery.

VI

Summary judgment was appropriate on the trademark infringement claim since TrafFix established no genuine issue of material fact. However, because TrafFix received PTO approval for its mark, it cannot be said to have willfully and intentionally infringed MDI's mark. The district court judgment on this issue is affirmed, and the claim remanded to determine damages for the infringement. Despite the cross-motions for summary judgment on the trade dress and unfair competition claims, it should not have been granted to either party. MDI established a genuine issue of material fact as to secondary meaning, and the district court ruling was legally erroneous on the functionality question. Therefore, a grant of summary judgment to TrafFix was unwarranted. Since the actions pursued by MDI were thus clearly reasonable under the law, no antitrust violation attaches, and it was not an abuse of discretion not to allow discovery on the issue of MDI's market power. Accordingly, we AFFIRM the judgment of the district court in part, REVERSE in part, and REMAND the case for further proceedings consistent with this opinion.

APPENDIX B

UNITED STATES DISTRICT COURT
E.D. MICHIGAN
SOUTHERN DIVISION

Civil Action No. 95-40230

MARKETING DISPLAYS, INC.,
Plaintiff,

v.

TRAFFIX DEVICES, INC.,
Defendant.

June 12, 1997

Order Denying Reconsideration
July 9, 1997

MEMORANDUM OPINION AND ORDER

GADOLA, District Judge.

Before the court are cross-motions for summary judgment pursuant to Federal Rule of Civil Procedure 56. Plaintiff, Marketing Displays, Inc. ("MDI") and defendants, TrafFix Devices Inc. ("TrafFix"), filed their respective motions on February 28, 1997. This court heard oral argument on May 28, 1997. For the reasons set forth below, this court will grant TrafFix's motion for summary judgment and deny MDI's motion for summary judgment.

Background

MDI manufactures and sells, *inter alia*, spring-mounted wind-resistant sign stands. MDI has been manufacturing and selling these sign stands since 1968 under the trademark WINDMASTER. The first sign stand sold under the WINDMASTER mark was a business-type wind-resistant sign stand that was used to display advertisements, such as those seen at gas stations.

In the mid 1970's MDI modified its business-type wind-resistant sign stands in order to utilize the wind-resistant concept for traffic warning signs. The traffic-type wind-resistant sign stands were used to hold signs such as "ROAD WORK AHEAD" and "ROAD CONSTRUCTION AHEAD". These traffic-type, spring-mounted wind-resistant sign stands were then sold under the same mark WINDMASTER in the traffic control field.[1]

MDI's WINDMASTER sign stands have been protected by two utility patents: United States Patent Number 3,646,696 and 3,662,482 (hereinafter the "'696" and "'482" patents, respectively). In obtaining the '696 patent MDI argued, before the United States Patent Office, that its dual spring design had benefit over the prior art. Moreover, MDI has, on at least one occasion, brought suit to enforce those patents against an alleged infringer who was manufacturing a sign stand containing a dual spring configuration like the one at issue here. In that 1978 case,[2] MDI succeeded in obtaining an injunction

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1 In 1987, MDI introduced an orange corrosion-coated steel version of its traffic sign and sold it under the mark STEELMASTER. Since STEELMASTER is otherwise identical to the WINDMASTER and is, in fact, part of the WINDMASTER line of products, this court, for purposes of this opinion, will refer to the WINDMASTER and STEELMASTER products collectively as "WINDMASTER".

2 *Sarkisian v. Winn-Proof, Corp.*, 208 U.S.P.Q. 60 (D.Or.1978) *aff'd in part, rev'd in part*, 686 F.2d 671 (9th Cir.1981).

against the infringer from manufacturing such a dual spring design.

MDI has also granted patent licenses to third-parties having the dual spring configuration at issue here. For instance, MDI licensed Eastern Metal, under its utility patents, to sell sign stands incorporating the dual spring configuration at issue here in exchange for royalties and rights to use Eastern Metal's patents. Upon expiration of MDI's patents in 1989, Eastern Metal stopped paying royalties.

While the '696 and '482 patents were in force, MDI clearly and consistently marked its sign stands with the patent numbers which served to put the public on notice of MDI's rights. In addition, MDI has consistently identified those patents in its WINDMASTER product literature.

The WINDMASTER line of stands has enjoyed commercial success, selling over twenty million dollars to date. In 1986, Jack Kulp founded TrafFix to manufacture and sell traffic-type sign stands and related products. Thereafter, TrafFix sent one of MDI's WINDMASTER sign stands to Korea to be "reverse engineered." TrafFix effectively copied the WINDMASTER sign stand as the product configurations of the parties' products are virtually identical. (See Figure 1). In 1994, TrafFix began selling that product under the WINDBUSTER trade name. Thereafter, on July 11, 1995, MDI filed the instant action.

MDI brought this action against TrafFix alleging that TrafFix's WINDBUSTER spring-mounted wind-resistant sign stands infringed upon MDI's WINDMASTER trademark and trade dress rights and constituted unfair competition, pursuant to the Lanham Act.

On January 13, 1997, this court, by memorandum opinion and order [3], granted MDI's motion for summary judgment that MDI's WINDMASTER trademark was infringed by TrafFix's use of the confusingly similar mark WINDBUSTER in connection with traffic sign stands. The parties now seek summary judgment as to the issue of whether MDI's alleged trade dress rights in its dual spring configuration sign stands is being infringed by TrafFix's dual spring configuration sign stand.[4, 5]

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[3] That opinion was non-substantially amended on May 29, 1997.

[4] Since this court previously granted MDI summary judgment on Count I (Federal Trademark Infringement) of MDI's four count amended complaint and dismissed, by order dated September 7, 1995, Count III (common law unfair competition) and since Count IV (Federal Unfair Competition) is governed by the same facts as Count II (Trade Dress Infringement), summary judgment at this time as to Count II would effectively resolve all of the remaining issues in this case. *Frisch's Restaurants, Inc. v. Elby's Big Boy*, 849 F.2d 1012, 1015 (6th Cir.1988) (finding that the same facts can support both trademark infringement and unfair competition under § 43(a)).

Moreover, while it is axiomatic that this court is not permitted to resolve genuine issues of material facts on a motion for summary judgment—even where both parties have filed cross motions for summary judgment, *Taft Broadcasting Co. v. United States*, 929 F.2d 240, 248 (6th Cir.1991), where, as here, both parties proceed on the same legal theory and rely on the same material facts, the court is signaled that the case is ripe for summary judgment. *Shook v. United States*, 713 F.2d 662, 665 (11th Cir.1983). *See also Bricklayers, Masons and Plasterers International Union v. Stuart Plastering Co.*, 512 F.2d 1017, 1023 (5th Cir.1975) (Cross motions for summary judgment may be probative of the non-existence of a factual dispute).

[5] Although Traffix's instant motion is styled as a motion for summary judgment as to functionality rather than as to trade dress, it will have the same dispositive effect as a motion for summary judgment as to trade dress if this court finds that the dual spring configuration is functional. *See* discussion of applicable Law, *infra*, p. 266.

Specifically, MDI asserts that it has trade dress rights in its WINDMASTER sign stand which is comprised of:

(a) a relatively narrow base member;

(b) a pair of vertically arranged closely spaced coil springs attached to the base member;

(c) a plurality of leg members attached to the base member and extending therefrom at angles thereof;

(d) an upright member attached to the coil springs; and

(e) a sign attached to the upright member.

For the purposes of this opinion, however, this court finds that the only element of the alleged trade dress at issue is the pair of vertically arranged closely spaced coil springs (hereinafter "dual spring configuration" or "dual spring design").[6] *See discussion infra*, pg. 273.

Legal Standard

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Summary judgment is appropriate where the moving party demonstrates that there is no genuine issue of material fact as to the existence of an essential element of the non-moving party's

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[6] MDI effectively concedes this finding in its brief in support of its motion for summary judgment wherein it says: ". . . purchasers and persons in the traffic control industry associate MDI's product configuration—*the dual spring design*—with MDI." MDI's Brf. at p. 8. (emphasis added).

case on which the non-moving party would bear the burden of proof at trial. *Martin v. Ohio Turnpike Commission*, 968 F.2d 606, 608 (6th Cir.1992); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). In considering a motion for summary judgment, the court must view the facts and draw all reasonable inferences therefrom in a light most favorable to the non-moving party. *60 Ivy Street Corporation v. Alexander*, 822 F.2d 1432, 1435 (6th Cir.1987). The court is not required or permitted, however, to judge the evidence or make findings of fact. *Id.* at 1435-36. The moving party has the burden of showing conclusively that no genuine issue of material fact exists. *Id.* at 1435.

A fact is "material" for purposes of summary judgment where proof of that fact would have the effect of establishing or refuting an essential element of the cause of action or a defense advanced by the parties. *Kendall v. Hoover Co.*, 751 F.2d 171, 174 (6th Cir.1984). In other words, the disputed fact must be one which might affect outcome of the suit under the substantive law controlling the issue. *Henson v. National Aeronautics and Space Administration*, 14 F.3d 1143, 1148 (6th Cir. 1994). A dispute over a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* Accordingly, where a reasonable jury could not find that the non-moving party is entitled to a verdict, there is no genuine issue for trial and summary judgment is appropriate. *Feliciano v. City of Cleveland*, 988 F.2d 649 (6th Cir. 1993).

Once the moving party carries its initial burden of demonstrating that no genuine issues of material fact are in dispute, the burden shifts to the non-moving party to present specific facts to prove that there is a genuine issue for trial. To create a genuine issue of material fact, the

non-moving party must present more than just some evidence of a disputed issue. As the United States Supreme Court stated in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50, 106 S.Ct. 2505, 2511, 91 L.Ed.2d 202 (1986):

> There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the [non-moving party's] evidence is merely colorable, or is not significantly probative, summary judgment may be granted.

(Citations omitted); *see also Celotex*, 477 U.S. at 322-23, 106 S.Ct. at 2552-53; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87, 106 S.Ct. 1348, 1355-56, 89 L.Ed.2d 538 (1986). Consequently, the non-moving party must do more than raise some doubt as to the existence of a fact; the non-moving party must produce evidence that would be sufficient to require submission of the issue to the jury. *Lucas v. Leaseway Multi Transp. Serv., Inc.*, 738 F.Supp. 214, 217 (E.D. Mich. 1990), *aff'd*, 929 F.2d 701 (6th Cir.1991).

Applicable Law

Section 43 (a) of the Lanham Act which creates a civil cause of action for trademark infringement provides, in relevant part, that:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, con-

> nection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . .
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a). The protection against infringement provided by section 43(a) includes the unregistered "trade dress" of an article. *Two Pesos, Inc., v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n. 2, 112 S.Ct. 2753, 2756 n. 2, 120 L.Ed.2d 615 (1992); *Esercizio v. Roberts*, 944 F.2d 1235, 1238 (6th Cir. 1991).

To prove a trade dress violation in contravention of section 43(a), a plaintiff must show, by a preponderance of the evidence: 1) that the trade dress has obtained "secondary meaning;" 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily non-functional. *Esercizio*, 944 F.2d at 1239; *Kwik-Site Corp. v. Clear View Mfg. Co. Inc.*, 758 F.2d 167, 178 (6th Cir.1985).

a. Secondary Meaning

The trade dress of a product may be identified in one of two ways. A product's trade dress may be inherently distinctive or it may acquire secondary meaning through the consumer associating the trade dress with the product's source.[7] *Two Pesos, Inc.*, 505 U.S. at 769, 112

[7] MDI has offered only a conclusory argument that the trade dress of its WINDMASTER sign stand is inherently distinctive. Accordingly, this court finds that the WINDMASTER sign stand is not inherently distinctive and, therefore, will only address the issue of secondary meaning.

S.Ct. at 2757-58. Secondary meaning is established when "[i]n the minds of the public, the *primary significance* of a product feature or term . . . identif[ies] the source of the product rather than the product itself." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 2187 n. 11, 72 L.Ed.2d 606 (1982) (emphasis added). The Sixth Circuit Court of Appeals has stated that:

> To acquire a secondary meaning in the minds of the buying public, an article of merchandise when shown to a prospective customer must prompt the affirmation, "That is the article I want because I know its source," and not the negative inquiry as to "Who makes that article?" In other words, the article must proclaim its identification with its source, and not simply stimulate inquiry about it.

Esercizio, 944 F.2d at 1239 (citing *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581, 595 (6th Cir.) *cert. denied*, 350 U.S. 840, 76 S.Ct. 80, 100 L.Ed. 749 (1955)). In a trade dress action, the ultimate issue is whether "[a] product feature's *primary significance* to consumers is as an identifier of source or as an element which contributes to the inherent appeal of the product." *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 659 (7th Cir.1995) (emphasis added). In other words, for our purposes, the question is whether the pair of vertically arranged closely spaced coil springs of the MDI WINDMASTER sign stand primarily serves as an identifier of the sign stand's source.

In order to better evaluate MDI's claim of the existence of secondary meaning in the trade dress of its WINDMASTER product, this court will employ the seven part test used in *Sassafras Enterprises, Inc. v. Roshco, Inc.*, 915 F.Supp. 1 (N.D.Ill.1996). In *Sassafras*, the district

court identified the following factors for consideration in determining the existence of secondary meaning in a trade dress action: (1) direct consumer testimony; (2) consumer surveys; (3) exclusivity, length, and manner of use; (4) amount and manner of advertising; (5) amount of sales and number of customers; (6) established place in the market; and (7) proof of intentional copying. *Id.* at 7 (citing *Echo Travel, Inc. v. Travel Assoc., Inc.*, 870 F.2d 1264, 1267 (7th Cir.1989)). *Cf. Blockbuster Entertainment Group v. Laylco, Inc.*, 869 F.Supp. 505, 510 (E.D.Mich.1994).[8] These factors, however, are significant only to the extent that they help this court resolve the ultimate issue, to wit: could a reasonable fact finder conclude that in the minds of consumers the *primary significance* of the dual spring configuration is to identify MDI as the source of the WINDMASTER sign stand. *See Sassafras*, 915 F.Supp. at 7.

1. Direct Consumer Testimony

In support of this factor, MDI offers the deposition testimony of John McKenny, an engineer who is TrafFix's expert; Walt Kuczera, one of TrafFix's principals; and Cecil Upsprung, a former marketing manager for MDI. These deponents testified that they could recognize an MDI WINDMASTER sign stand while driving by one on the highway. None of these deponents, however, are consumers of sign stands. Instead, the consumers of sign

[8] The *Blockbuster* court identified six factors tending to demonstrate the existence of secondary meaning in a trademark dispute: (1) advertising expendtures; (2) consumer studies linking the name to the source; (3) sales success; (4) unsolicited media coverage; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the product's use. Although the *Sassafras* and *Blockbuster* tests are comprised of essentially the same elements, this court will discuss the *Sassafras* factors as they were specifically employed in a trade dress action.

stands are professional purchasers. As Prof. McCarthy states: "[t]he meaning of a term to a non-purchasing segment of the population is neither relevant nor important." 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11.20 (4th ed.1996) (hereinafter "McCarthy on Trademarks"). As such, this deposition testimony does not establish the requisite "primary significance" of the dual-spring design as a brand identifier in the consumer's mind. *See Vornado Air Circulation Systems v. Duracraft Corp.*, 58 F.3d 1498, 1502 n. 7 (10th Cir.1995). Accordingly, this factor favors TrafFix.

2. Consumer Surveys

Neither MDI nor TrafFix provides survey evidence. While such evidence is not required in trademark cases, *see Committee for Idaho's High Desert Inc., v. Yost*, 92 F.3d 814, 39 U.S.P.Q.2d 1705, 1711 (9th Cir.1996); *Charles Jacquin et Cie, Inc., v. Destileria Serralles, Inc.*, 921 F.2d 467, 17 U.S.P.Q.2d 1104, 1110 (3d Cir.1990); *Indianapolis Colts Inc. v. Metropolitan Baltimore Football Club*, 34 F.3d 410, 31 U.S.P.Q.2d 1811, 1815 (7th Cir.1994), such evidence would have been particularly useful in this trade dress action. Where, as here, a product's design feature is at issue, conumer survey evidence would be extremely elucidating in discerning the specific reason(s) that customers purchase the product in question.

MDI has utterly failed to produce any survey evidence from which a reasonable fact finder could conclude that MDI's dual-spring design is of primary significance in the consumer's mind as a brand identifier. *See Sassafras*, 915 F.Supp. at 7-8. Accordingly, this factor favors TrafFix.

3. Exclusivity, Length and Manner of Use

MDI asserts that it has been manufacturing and selling its wind resistant traffic stands since the mid-1970s. MDI's use of its dual-spring configuration obviously was exclusive until its patents expired in 1989. In a situation such as this, however, length of exclusive use may not truly indicate acquisition of secondary meaning. The *Thomas & Betts* court's holding in this regard is directly on point. That court stated:

> It is not enough that the consumers associate the form of the product with a particular producer. Such an association is inevitable when the first comer is the exclusive producer under a patent. Consumers must also care that the product comes from a particular producer (though they need not be able to identify him) and must desire the product with the particular feature because it signifies that producer.

Thomas & Betts, 65 F.3d at 658-59. Here, MDI was clearly the first comer and exclusive producer under the patent. That, however, is not sufficient to establish the dual spring design as a source signifier.

Moreover, MDI acknowledges that it licensed Eastern Metal, in approximately 1986, to use its *WINDMASTER* dual-spring configuration for sign stands. This is similar to *Sassafras* where the plaintiff, who sold pizza sets, provided its pizza set items to retailers who then marketed sets under private label trademarks. In *Sassafras*, the court found that private labeling arrangements may operate against a finding of secondary meaning because it becomes more difficult to show that the configuration identifies a single source. 915 F.Supp. at 8 (citing *McCarthy on Trademarks*, § 8.02[5] (3d. ed.1995)). Accordingly, this factor favors TrafFix.

4. Amount and Manner of Advertising

MDI argues that the money it has spent over the last twenty years in promotional literature, consumer contacts, and trade shows is strong evidence of the secondary meaning that has developed in the minds of consumers for its sign stand. In *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th Cir.1994), the court stated that:

> Expenditures on advertising and promoting a trademark may be relevant to a determination of secondary meaning because the amount spent may be indicative of the extent to which the public associates that advertised mark with the source of the product bearing the mark.

Id. at 872. Although such evidence *may* be indicative of an association in the public's mind, by itself, it is not strong evidence. In *Walt-West Enter., Inc. v. Gannett Co.*, 695 F.2d 1050, 1060 (7th Cir.1982), the court explained that such advertising expenditures, as well as long and exclusive use, were not germane to the issue of secondary meaning if the plaintiff could not show that the expenditures caused the public to "regard the primary significance of the [mark] as designating a single, though perhaps anonymous, source . . ." As discussed *supra*, no survey evidence has been offered to establish such an association. Therefore, the relevance of the amount and manner of advertising in this case is minimal.

Professor McCarthy has stated that the presence or absence of "look for" promotion is relevant to the issue of secondary meaning. 1 *McCarthy on Trademarks*, § 7:30 (4th ed.1996). MDI claims that it has used such advertising in its literature. This court, however, finds no evidence of "look for" type advertising in MDI's literature which would urge the reader to identify the WINDMASTER product by the vertical dual-spring design. Instead,

the brochures produced by MDI merely picture the stands and its component parts. *See Ohio Art. Co. v. Lewis Galoob Toys, Inc.*, 799 F.Supp. 870, 883 (N.D.Ill.1992) (stating that "[s]econdary meaning cannot be established by advertising that merely pictures the product and does nothing to emphasize the mark or dress.") Moreover, while MDI's advertising consistently identifies its patents in product literature relating to the WINDMASTER sign stands, it has never identified its WINDMASTER product configuration as protected "trade dress" in any literature that has been produced to date. Accordingly, this factor favors TrafFix.

5. Amount of Sales and Number of Customers

MDI claims that the amount of commercial success its sign stands have enjoyed indicates that purchasers equate the product's design with MDI. In *Aromatique*, however, the court discussed the problems associated with using evidence of sales to establish secondary meaning. The court stated:

> . . . such evidence may not provide the basis for an inference of secondary meaning because something other than the secondary meaning of the trade dress may have been responsible for the success of the product. Success of a product is not among the types of evidence described by the PTO as useful in establishing secondary meaning.

Aromatique, 28 F.3d at 873. This is particularly so where, as in this case, the asserted trade dress is also the most functionally useful feature of the product. In this case the usefulness of the dual-spring design may very well have been the reason for MDI's sales success. Accordingly, such sales evidence is entitled to little if any weight.

In any event, the only evidence of sales success provided by MDI is its assertion that sales of the product have averaged over a million dollars a year for over twenty years. While these appear to be impressive sales figures, MDI did not provide a sufficient context for this court to assess those figures. For instance, MDI does not compare its sales figures with that of its competitors. Accordingly, this factor only slightly favors MDI.

6. Established Place in the Market

Neither MDI nor TrafFix has provided evidence of MDI's established market share. Due to the lack of supporting evidence, this factor favors neither party.

7. Proof of Intentional Copying

MDI argues that secondary meaning may be presumed from TrafFix's intentional acts of copying the design of MDI's dual spring configuration. The Seventh Circuit, however, has stated that:

> Copying is only evidence of secondary meaning if the defendant's intent in copying is to confuse consumers and pass off his product as the plaintiff's. In that situation, the defendant's belief that plaintiff's trade dress has acquired secondary meaning-so that his copying will indeed facilitate his passing off-is some evidence that the trade dress actually has acquired secondary meaning.

Thomas & Betts, 65 F.3d at 663. In such a situation, where the product itself is copied, evidence of intent is often ambiguous. *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 611 (7th Cir.186). "[T]he copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source." *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1453 (3d Cir.1994).

At most this evidence could support an inference if supported by additional facts. *Sassafras*, 915 F.Supp. at 10. MDI, however, provides no evidence to indicate that TrafFix's act of copying was done to confuse the public. Conversely, TrafFix provides supporting deposition testimony that the act of intentional copying was not done to confuse consumers but was based upon the belief that the patents covering the design had expired and the product had moved into the public domain. Accordingly, this factor favors TrafFix.

In sum, this court's evaluation of the *Sassafras* factors reveals that no reasonable trier of fact could determine that MDI has established secondary meaning. Accordingly, this court finds that the primary significance of the appearance and configuration of MDI's dual spring design in the minds of consumers is *not* to identify it with its source.

Even if this court were to assume, *arguendo*, that MDI has established secondary meaning in its WINDMASTER product design, it would not find that TrafFix has infringed MDI's alleged trade dress rights since this court finds that, as a matter of law, the MDI dual spring configuration is functional. *See* discussion *infra*.

Although this court is not prepared to find, as a matter of law, that no likelihood of confusion exists, this court will nevertheless proceed to address that issue.

b. Likelihood of Confusion

In the Sixth Circuit, the legal test for determining whether a "likelihood of confusion" exists is well settled. In *Frisch's Restaurants, supra* 670 F.2d at 642, the Court of Appeals set forth eight factors that are relevant to a likelihood of confusion analysis:

1. strength of the plaintiff's [trade dress];
2. relatedness of the goods;
3. similarity of the [trade dresses];
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the [trade dress];
8. likelihood of expansion of the product lines.

Id. at 648 (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979)). In *Wynn Oil Co. v. Thomas*, 839 F.2d 1183 (6th Cir.1988), the Sixth Circuit explained that the *Frisch's* factors are:

> . . . simply a guide to help determine whether confusion would be likely to result from simultaneous use of the two contested [trade dresses]. They imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful.

Id. at 1186.

While it is true that this court's likelihood of confusion analysis must consider the same *Frisch's Restaurants factors* for an alleged trade dress infringement as it did for the trademark infringement claim [9] previously decided by this court, it does not necessarily follow that this court's conclusion must be the same.

1. Strength of MDI's Trade dress

Although this court has previously acknowledged that MDI's trademark, WINDMASTER, is strong, the same

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[9] *See Esercizio*, 944 F.2d at 1241-42 (holding that the *Frisch's Restaurant* factors should be considered in determining likelihood of confusion in a Lanham Act case).

cannot be said for the alleged trade dress of the WINDMASTER sign stand. As this court found above, MDI has not developed secondary meaning in its sign stand. Despite its admittedly significant expenditures on advertisements, those advertisements do not identify MDI's claimed trade dress rights in the WINDMASTER sign stand nor do they urge the consumer to identify the source of the WINDMASTER sign stand by the dual spring design. Also, as noted above, MDI's reliance on the testimony of so-called consumers to identify the WINDMASTER sign stand by the dual-spring configuration is misplaced as those persons do not constitute the relevant consumer market. Accordingly, this factor favors TrafFix.

2. Relatedness Of The Goods

This court has previously found, in discussing trademark infringement, that the WINDBUSTER products are virtually identical to the WINDMASTER products. Nothing in this court's analysis regarding trade dress infringement changes that finding. Accordingly, this factor favors MDI.

3. Similarity of the Trade Dress

While it is true that the WINDBUSTER and WINDMASTER sign stand products are virtually identical, it does not follow that there is a similarity of trade dress. This is so because there has been no showing by MDI that consumers identify the source of the dual spring design with MDI rather than TrafFix or some other source. As stated above, even if there was such an identification of product source, there would be no violation of trade dress rights as this court finds that the dual spring design is functional. See discussion *infra*. Accordingly, this factor favors neither party.

4. Evidence of Actual Confusion

This court previously held, in its January 13, 1997 opinion, that the testimony of MDI's salesmen regarding alleged customer confusion is inadmissible hearsay. Mem. Op. and Order, January 13, 1997 at pg. 15. *See also Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1098 (8th Cir.1996). The *Duluth News* court stated that such evidence is "hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the [customer] regarding the reason for the 'confusion.'" *Id.* MDI urges this court to reconsider its prior holding regarding the admissibility of such evidence. This court, however, after reviewing the deposition testimony of Messrs. Noone, Scully, and Hyde, declines to do so and, in fact, is even more convinced that such testimony should not be admitted. Neither Messrs. Noone, Scully, nor Hyde were able to identify a specific individual customer who had exhibited confusion or on what particular occasion such confusion was alleged to have occurred.

Similarly, Mr. Lunt, whose testimony this court would consider to be evidence of actual confusion since he is a purchaser of sign stands, was instead referring to someone else's "confusion." Moreover, Mr. Lunt was not able to testify that the "confusion" he referred to dealt with the "style" of the products, stating: "I'm not sure we're talking about style of products or style of the advertisement for it."

Despite the almost complete lack of evidence as to actual confusion, this court will, once again, refrain from drawing an inference of no actual confusion. Accordingly, this court finds that this factor does not favor either party.

5. Marketing Channels Used

This court has previously found, in discussing trademark infringement, that the WINDBUSTER products and the WINDMASTER products are distributed through identical marketing channels. Nothing in this courts analysis regarding trade dress infringement changes that finding. Accordingly, this factor favors MDI.

6. Likely Degree of Purchaser Care

This court previously ruled, in its January 13, 1997 opinion, that the relevant buyer class is composed of professional purchasers which tends to lower the likelihood of confusion. *See Homeowners Group v. Home Marketing Specialists*, 931 F.2d 1100, 1111 (6th Cir.1991) (citing 2 *McCarthy on Trademarks* § 23:29 (2d ed.1984)). MDI urges this court to reconsider its prior ruling in light of the testimony of Messrs. Lunt, Hyde, Sculley, and Noone. This court, however, declines to do so, in part, because it has found that testimony inadmissible. Accordingly, this factor favors TrafFix.

7. TrafFix's Intent In Selecting The Dual-Spring Design

While it is indisputable that TrafFix copied the WINDMASTER dual-spring design, that fact is of limited relevance in determining TrafFix's intent since it is clear that the patents covering that sign stand were in the public domain at the time of copying and that the design was desirable. In *Esercizio*, the Sixth Circuit stated that:

> 'Where the copying by one party of another's product is not done to deceive purchasers and thus derive a benefit from another's name and reputation, but rather to avail oneself of a design which is attractive and desirable, a case of unfair competition is not made out.'

Esercizio, 944 F.2d at 1243 (quoting *West Point Mfg. Co.*, 222 F.2d at 586). The *Esercizio* court concluded that "where Ferrari's design enjoyed strong secondary meaning and Roberts admitted that he designed his cars to look like Ferrari's, the intent to copy was clear." *Id.*

In the instant case, this court has found that MDI, unlike Ferrari in *Esercizio*, did not enjoy strong secondary meaning in its product design. Moreover, while TrafFix did, in fact, copy MDI's product design, MDI does not direct this court to any evidence that the copying was done with the intent to derive a benefit from the reputation of MDI. *See Zin-Plas Corp. v. Plumbing Quality AFG Co.*, 622 F.Supp. 415, 420 (W.D.Mich. 1985). While this court did find that TrafFix infringed upon the WINDMASTER mark by adopting the WINDBUSTER mark, which was likely to confuse a purchaser as to the source of the sign stand, it does not follow that TrafFix intended to improperly trade upon the WINDMASTER design, which this court has found lacks secondary meaning, by copying it. Accordingly, this factor favors TrafFix.

8. Likelihood of Expansion of the Product Lines

Both parties concede that this factor does not favor either party.

Thus, after examining the eight *Frisch* factors, this court, although firmly convinced, itself, that no likelihood of confusion exists, can not say, as a matter of law, that there is not a likelihood of confusion between the trade dress of the WINDMASTER sign stand and the WINDBUSTER sign stand.

c. Functionality

The Supreme Court has recently stated that:

> 'In general terms, a product feature is functional,' and cannot serve as a trademark, 'if it is essential to the use or purpose of the article *or* if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.

Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 165, 115 S.Ct. 1300, 1304, 131 L.Ed.2d 248 (1995) (quoting *Inwood Labs., supra*, 456 U.S. at 844, 102 S.Ct. at 2183-84). *See also Esercizio*, 944 F.2d at 1246 (stating that "[a] product feature is functional 'if it is essential to the use of purpose of the article or if it affects the cost or quality of the article.' ") (quoting citation omitted). Moreover, Professor McCarthy has stated that:

> The existence of a valid functional patent disclosing the utilitarian advantages of the configuration in question is very strong, if not conclusive, evidence of the functionality of the configuration in which trademark significance is alleged.

1 *McCarthy on Trademarks* § 7:89 (4th ed.1996) (citing cases).

While it is axiomatic that the patent and trade dress laws protect different interests, *Thomas Betts Corp.*, 65 F.3d at 657-58, and that courts allow a party to assert trade dress rights after its patent has expired, *see, e.g., Kohler Co., v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir. 1993); *Application of Mogen David Wine Corp.*, 51 C.C.P.A. 1260, 328 F.2d 925, 930 (1964); *Zip Dee, Inc. v. Dometic Corporation*, 931 F.Supp. 602, 612 (N.D.Ill. 1996), it is also "well established that in the case of an expired patent, the federal patent laws do create a federal

right to 'copy and use'." *Elmer v. ICC Fabricating*, 67 F.3d 1571, 1580 (Fed.Cir.1995) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165, 109 S.Ct 971, 985, 103 L.Ed2d 118 (1989) (emphasis in original)). The *Elmer* court, citing *Qualitex*, also stated that "extending trademark/trade dress law to protect functional features might create perpetual, patent-like rights in unpatented or unpatentable items." *Id. See also Keene Corp. v. Paraffex Indus.*, 653 F.2d 822, 824 (3d Cir. 1981).

It is important to bear in mind that the burden remains upon MDI to establish the non-functionality of the WINDMASTER sign stand rather than on TrafFix to show that it is functional. *Esercizio*, 944 F.2d at 1239. Therefore, MDI, as part of its burden of proving non-functionality by a preponderance of the evidence, must overcome the effective presumption that the disclosures of the '696 and '482 patents establish that the dual spring configuration of the WINDMASTER sign stand is functional.[10]

Essentially, MDI makes three arguments in support of its claim that the configuration it alleges as protected trade dress is non-functional. First, MDI argues that its '696 and '482 utility patents are irrelevant to the issue of functionality. Second, MDI argues that use by others of the

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[10] MDI concedes that while functionality is a question of fact, where the facts pertainng to functionality are not in dispute, as in this case, the court may rule on the question. *See, e.g., HWE, Inc. v. JB Research, Inc.*, 993 F.2d 694, 696 (9th Cir.1993) (affirming the district court's decision in favor of defendant on summary judgment that plaintiff did not meet its burden on issue of functionality); *Interactive Network, Inc. v. NTN Communications, Inc.*, 875 F.Supp. 1398, 1409 (N.D.Cal.1995) (granting summary judgment because party with burden of proving nonfunctionality could not do so); *San Francisco Mercantile Co., Inc. v. Beeba's Creations, Inc.*, 704 F.Supp. 1005, 1009 (C.D.Cal.1988) (granting summary judgment because disputed designs were functional).

configuration it claims as trade dress is not a competitive necessity. Third, MDI claims that its advertising has continuously promoted the "look" of its sign stand rather than its utilitarian or functional advantages.

At the outset, this court notes that when determining whether a product configuration is functional, the product configuration must be looked at in its entirety, not as discrete features that may be functional individually. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 678 F.Supp. 1336, 1351 (N.D.Ill.1988). *See also, Hartford House, Ltd. v Hallmark Cards, Inc.*, 846 F.2d 1268, 1272 (10th Cir.1988). An overall design combination of features that are individually functional is protectable if the combination of those elements is not functional. *See* Restatement (Third) of Unfair Competition § 17, comment b (1995). MDI claims that its trade dress comprises five elements *see supra*, p. 265, and that these must be considered in their entirety, not as individual components. However, the only significant distinction in appearance between MDI's sign stands and the sign stands of MDI's competitors is the vertical dual-spring design or configuration. Each of the competitors' sign stands identified by MDI includes the other four features claimed as elements of the alleged trade dress. Thus, while this court must look to the entire claimed trade dress, it is clear that the only element of MDI's alleged trade dress that arguably sets MDI's product apart from its competitors, and thus could operate as a source identifier, is the pair of vertically arranged closely spaced coil springs.

The first issue to be addressed in determining whether MDI's asserted trade dress is nonfunctional is the signifiance of MDI's expired '696 and '482 patents. In *In re Morton—Norwich Products, Inc.*, 671 F.2d 1332 (C.C.P.A.1982), the court cited its prior decision in *In Re Shenango Ceramics, Inc.*, 53 C.C.PA. 1268, 362 F.2d 287, 291 (1966), stating that "the existence of an expired

utility patent which disclosed the *utilitarian advantage of the design* sought to be registered as a tradmark was *evidence* that it was 'functional'." (citation omitted in original). Moreover, Professor McCarthy has stated that:

> Although the courts treat functional patents as evidence of primary functionality, this evidence is particularly entitled to great weight if the patent was applied for by the same person who now asserts trademark significance in the same configuration. A kind of estoppel arises. That is, one cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection. Functional patent protection and trademark protection are mutually exclusive.

1 *McCarthy on Trademarks* § 7:89 (4th ed.1996).

MDI argues that its '696 and '482 patents are not relevant to the issue of functionality because they do not disclose the closely-spaced vertical dual spring configuration of the WINDMASTER traffic sign stands and therefore they do not teach the specific configuration of the claimed WINDMASTER trade dress. This court, however, finds such a position to be untenable given MDI's past enforcement of these utility patents. While the configuration being claimed as trade dress in this case is not literally disclosed in the '696 or '482 patents, MDI has, in the past, enforced its rights in its '696 and '482 patents by enjoining the manufacture of a product configuration virtually identical to that being alleged to constitute trade dress in the instant case. *See Winn-Proof Corp., supra*, 203 U.S.P.Q. at 60.[11] In *Winn-Proof*, the court found that the Winn-

[11] MDI urges this court to distinguish *Winn-Proof* because Sarkisian, who is the patent owner, was the plaintiff rather than MDI. However, Sarkisian, who is the president and principal of MDI,

Proof sign stand, which included two closely-spaced vertical coil springs, infringed MDI's '696 and '482 patents under the doctrine of equivalents and enjoined manufacture of that sign stand. *Id.* at 68. In arguing for this judgment, counsel for MDI,[12] in his post-trial brief, asserted not only that the configuration of defendant's sign stand was substantially similar to the configuration now being asserted as trade dress by MDI, but also that the imitated features are functional.

Specifically he stated:

> . . . Sarkisian's teaching of the "WindMaster" concept *was incorporated by plaintiff into a roadside construction sign stand having a single upright and . . . coil springs mounted close together in an arrangement markedly similar to defendants' models.* . . . [T]he unique manner in which "WindMaster" sign stands with large display areas[] *function*, though unanchored and readily portable, to be stable against tipping under high wind conditions [is] *a function fully incorporated in the accused devices of* [*the*] *defendants* . . . (emphasis added).

Furthermore, counsel asserted that all MDI's various sign designs, which would include the design now being asserted as trade dress, are functionally equivalent:

> As shown at trial, all the various "WindMaster" sign stands incorporate all of the features, perform in the same manner, and achieve the same results as the sign stands disclosed and claimed in the '696 and '482 patents.

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had all of "his" litigation expenses paid for by MDI. Accordingly, this court will consider Mr. Sarkisian and MDI, for purposes of the instant motions, to be interchangeable.

12 Present counsel for MDI, Mr. John A. Artz, also represented Mr. Sarkisian in the *Wimm-Proof* case.

These arguments that the closely-spaced dual-coil spring design performs or functions in an equivalent manner to the more spaced-apart dual-coil springs are especially significant given the arguments that MDI made in its efforts to obtain its patents. MDI argued that the functioning of the dual-spring design was superior to the single-spring design taught by the prior art:

> One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection as has been used in the past in connection with signs. . . . The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent twisting of the sign frame.

MDI has not explained how its two positions, one touting the functionality of the dual-spring design, whether closely or widely spaced, for purposes of obtaining and enforcing its patents, and the other, disclaiming the functionality of its closely spaced dual-spring design for purposes of obtaining trade dress protection, are not inconsistent. Instead, MDI argues that the "fact that MDI previously asserted its patent rights against a sign stand with coil springs is riot relevant . . . [because] that prior case was patent infringement which focused on the utility of the products as described by the patent claims—not their physical appearance." This response, however, misses the point. As the Supreme Court stated in *Qualitex*:

> The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by *allowing a producer to control a useful product feature.*

Qualitex, 514 U.S. at 164, 115 S.Ct. at 1304 (emphasis added).[13]

MDI next argues that use by others of the configuration it claims as trade dress is not a competitive necessity. MDI states that the test of competitive necessity is "whether the market would be forclosed if a competitor could not market an identically configured product." This however, is something of an overstatement. According to

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13 Without much in the way of elaboration, plaintiff directs this court's attention to a number of products that have been granted trade dress rights despite having some utilitarian features. This court, however, finds that each is distinguishable from the case at bar. In *In re Weber-Stephen Products Co.*, 3 USPQ2d 1659, 1987 WL 124298 (T.T.A.B.1987), the Court affirmed the registration for the configuration of the round Weber grill as non-functional. While the Weber grill was patented, the Court found that "nothing in the patent discloses any utilitarian advantages of this particular design." Further, the Court identified many equivalent and available designs. In *Black & Decker Corp. v. Int'l Sales and Marketing*, 36 USPQ2d 1851, 1995 WL 776943 (C.D.Cal.1995), the Court's 52 word analysis of functionality is of little assistance to this court, especially given that the court made no mention of any patent, expired or otherwise. In *In re Honeywell, Inc.*, 8 USPQ2d 1600, 1988 WL 252417 (1988), the Court found that the patents which had covered this device "relate[d] to the inner workings of the thermostat . . . [and that] there is nothing of inherent utilitarian value about the circular round shape of the cover[1]." Furthermore, the Court found that in the 17 years since the patent had expired, no one else had made use of a rounded circular cover configuration and therefore concluded that a cover so shaped was not a competitive necessity. In *Sunbeam Products Inc. v. The West Bend Co.*, 39 USPQ2d 1545, 1996 WL 511639, the Court found that while the mixer was comprised of many functional components, many of which had been patented, the overall shape and configuration was non-functional. Conversely, in the case at bar, the only feature identified that could arguably be the product's "trade dress" is the most functional feature of the product. Finally, plaintiff directs this Court to the Coca-Cola bottle example. All that plaintiff offers as evidence of the non-functionality of the Coke bottle is a trademark registration number. No evidence of any patent, expired or otherwise, is offered, nor any analysis of its non-functionality.

the Restatement (Third) of Unfair Competition § 17, comment b (1995), "[A] design may be functional if it is *one of a limited number* of superior designs." (emphasis added). Furthermore, the Federal Circuit has stated:

> That another type of [design] would work equally as well does not negate that this [design] was designed *functionally* to enhance or at least not detract from the rest of the system. . . . If the feature asserted to give a product distinctiveness is the best, or at least one, of a few superior designs for its *de facto* purpose, it follows that competition is hindered.

In re Bose Corp., 772 F.2d 866, 872 (Fed.Cir.1985) (emphasis in original). Moreover, the Supreme Court in *Qualitex* noted that the exclusive use of the claimed configuration may put competitors at a disadvantage if use of that configuration "affects the cost or quality of the article." *Qualitex, supra*, 514 U.S. at 165, 115 S.Ct. at 1304.

As stated earlier, it is MDI's burden to prove nonfunctionality; thus, MDI must show not only that alternative designs exist, but also that those alternatives effectively eliminate competitors' need for the features that MDI is asserting as protectable trade dress. *See Elmer*, 67 F.3d at 1580.

MDI argues that its asserted trade dress is nonfunctional because the number of alternative sign stand designs available to TrafFix is "virtually unlimited." MDI refers specifically to designs made by six competitors in the traffic control work zone market: Sign-Up Corp, Dicke Tool, Eastern Metal, Work Area Protection, Korman Signs, and Services and Materials. As TrafFix points out, however, these purported alternatives are either unequal to MDI's dual spring design or unavailable. None of the so-called alternative designs are capable of withstanding the 75

mph winds tolerated by MDI's sign stand.[14] Moreover, four of the sign stands touted as alternatives which advertise a wind resistant feature are patented and are therefore unavailable for use by others.[15]

As disclosed in its '696 and '482 patents, MDI attributes its sign stands' ability to withstand high winds to their dual-spring construction. Furthermore, Mr. Hillstrom stated that in changing the MDI sign stand from their widely-spaced dual-spring design to the closely-spaced dual-spring design, MDI reduced the size of the base, making the sign stand more compact and lighter weight Also according to Mr. Hillstrom, by changing to the closely-spaced dual-spring design, MDI lowered the cost to manufacture the sign stand. Such evidence that a design feature affects the cost or quality of an article was noted by the Supreme Court to be particularly indicative of functionality. *See Qualitex,* 514 U.S. at 164-66, 115 S.Ct. at 1304.

MDI has not shown that competitors in the traffic work zone sign stand market have no need for lightweight, easily portable, wind resistant sign stands. Indeed, Mr. Hillstrom stated that the changes in the design of the WINDMASTER sign stands were made in response to just such a perceived need. Moreover, MDI has not proffered sufficient evidence that competitors have viable alternatives to meet such a need. If the purported alternatives are not available and equal, then they are not true alternatives.

MDI's third argument is that its advertising has continuously promoted the "look" of its sign stand rather than

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14 Further, TrafFix offers MDOT specifications as evidence that many of the proposed alternatives do not match WINDMASTER'S performance.

15 MDI also suggests, by way of a declaration from their designer, Mr. Hillstrom, that hypothetical alternative designs can be used. However, these designs are unsupported by any evidence that they are equal in performance.

its utilitarian or functional advantages. If a seller encourages customers "to 'look for' a particular product or package feature," this is "evidence of tradmark or trade dress status in that feature[] as well as evidence of the presence of secondary meaning." 1 *McCarthy on Trademarks* § 7:74 (4th ed.1996) (citing cases). On the other hand, "[i]f a seller advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of functionality." *Id.*

While MDI has highlighted the dual-spring construction and its ability to withstand high winds in its promotional literature, it has not, as discussed *supra,* utilized "look for" advertising. Since the dual-spring construction is arguably the most *utilitarian* aspect of MDI's signstands, the advertising that emphasizes that configuration in the absence of any "look for" designation is significant in finding the dual-spring design functional.

This court finds that MDI has not proffered sufficient evidence which would enable a reasonable trier of fact to find that MDI's vertical dual-spring design is *non*-functional. The expired utility patents are especially strong evidence of the usefulness of the dual-spring design. The alternative designs suggested by MDI are few and unequal to the WINDMASTER sign stand in performance. Finally, MDI's advertising emphasizes the functional advantages of the dual spring design rather than its look. Thus, this court finds that the dual-spring design asserted by MDI as trade dress is functional as a matter of law and not entitled to trade dress protection under the Lanham Act.

Conclusion

For the reasons stated above, this court finds that no reasonable trier of fact could conclude that MDI has established secondary meaning in its WINDMASTER sign

stand design. Even assuming, *arguendo*, that MDI has created a genuine issue of fact as to secondary meaning, this court finds that, as a matter of law, the pair of vertically arranged closely spaced coil springs attached to the base member on the MDI WINDMASTER sign stand is functional. Accordingly, MDI's motion for summary judgment is denied and TrafFix's motion for summary judgment is granted.

[Figure 1 Omitted in Printing]

ORDER

IT IS HEREBY ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Counts II and IV of its amended complaint, is DENIED.

IT IS FURTHER ORDERED that defendant, TRAFFIX DEVICES INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Counts II and IV of plaintiff's amended complaint, is GRANTED and that plaintiff, MARKETING DISPLAYS, INC., take nothing.

SO ORDERED.

ORDER DENYING PLAINTIFF'S MOTION FOR RECONSIDERATION

[July 9, 1997]

On June 10, 1997, this court entered an order granting the defendant, TrafFix's, motion for summary judgment and denying the plaintiff, MDI's, motion for summary judgment as to Counts II and IV of MDI's amended complaint. On June 24, 1997, MDI timely filed a motion for reconsideration pursuant to Local Rule 7.1(h) (E.D. Mich. Nov. 7, 1994). MDI asserts that this court erred in 1) limiting its analysis of MDI's trade dress to a pair of vertically arranged closely spaced coil spings, 2) ruling that MDI's trade dress was not inherently distinctive, 3) ruling that MDI's trade dress did not have secondary meaning, 4) not ruling that there was a likelihood of confusion between MDI's alleged trade dress and TrafFix' sign stand, and 5) ruling that MDI's alleged trade dress is functional as a matter of law.

While plaintiff asserts that this court committed "error" for the reasons stated above, plaintiff never couches its arguments in the appropriate legal standard of review of a motion for reconsideration. The Local Rules for the Eastern District of Michigan state that in a motion for reconsideration "the movant shall not only demonstrate a palpable defect by which the court and the parties have been misled but also show that a different disposition of the case must result from correction thereof." L.R. 7.1(h)(3). A "palpable defect" is a defect which is obvious, clear, unmistakable, manifest or plain. Webster's New World Dictionary 974 (3rdEd.1988). The Local Rules also provide that any motion for reconsideration which merely presents the same issues relied upon by the court, either expressly or by reasonable implication, shall be denied. L.R. 7.1(h)(3).

MDI has not demonstrated that a palpable defect occurred in this court's June 10, 1997 order. In large part,

MDI's arguments in support of reconsideration merely reiterate the arguments it previously presented to this court. This court has already considered these arguments and has resolved them against MDI. This court, however, will take this opportunity to further elucidate the conclusions of the June 10, 1997 opinion.

First, plaintiff argues that this court erred in narrowing its consideration of MDI's alleged trade dress to a pair of vertically arranged closely spaced coil springs when plaintiff defined its trade dress as comprising a narrow base, closely spaced coil springs, four leg members extending at angles from the base, an upright, and a sign.[1] MDI contends that it is entitled to consideration of its entire trade dress because the image and "look" which separates it from its competitors is the entire "synergistic" [2] combination of elements claimed.

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[1] Plaintiff asserts that TrafFix never contested MDI's definition of MDI's alleged trade dress. This assertion, however, is incorrect. *See* TrafFix's Brief in Reply to MDI's Opposition to TrafFix's Motion for Summary Judgment, p. 4.

[2] The court finds plaintiff's use of the word "synergistic," in describing the combination of elements it alleges as its trade dress, curious to say the least. As plaintiff's counsel is aware, "Synergism" is a concept in patent law sometimes discussed in relation to the nonobviousness of an invention. This court is not aware of any use or application of the term in the law of trade dress. In fact, the Ninth Circuit in *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir.1982), a case intimately involved in this matter, stated that:

> A definition of synergism that reflects its etymon is that the elements in the combination must cooperate or interact with each other. So defined, synergism distinguishes those inventions in which parts are merely aggregated, and those in which the parts coact with each other so that the result comes from the combined effect of the several parts and not simply from the separate action of each.

Id. at 649, fn. 1. That plaintiff would use a term that speaks to the interactive functioning of the elements of MDI's sign stand in

Every single one of the competitors cited by MDI, however, markets a sign stand with a narrow base, four leg members extending at angles from the base, an upright, and a sign. As such, MDI's argument that a pair of vertically-arranged coil spings combined with other leg members variously shaped, i.e., U-shaped, parallel, etc., and/or other uprights, i.e., twin poles, A-shaped, etc., may create an entirely different look altogether, is irrelevant to this court's finding. Moreover, as this court pointed out in its June 10, 1997 opinion, MDI's own references to its product effectively concede the fact that the dual spring configuration is the only element that sets MDI's alleged trade dress apart from that of its competitors. *See* Opinion and Order, p. 5, fn. 6. Also telling is that in support of MDI's assertion that all its competitors "have different product configurations and designs," MDI describes each of them only in terms of its spring mechanism. *See* MDI's Brief in Opposition to TrafFix's Motion for Summary Judgment, p. 11. Accordingly, this court finds no palpable defect has occurred in this regard.

Plaintiff next argues that the court erred in finding that its trade dress is not inherently distinctive. Under the applicable legal standards cited by this court, trade dress can be identified in one of two ways, either as being inherently distinctive or as having acquired secondary meaning. Plaintiff claims that it did not choose to argue inherent distinctiveness for purposes of this motion, but instead chose to rely on its argument that its sign stands had acquired secondary meaning. Yet, at oral argument, when queried by this court as to what evidence supported its claim of inherent distinctiveness, counsel for plaintiff

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its efforts to describe its appearance seems to support rather than contradict this court's finding that MDI's alleged trade dress is functional.

merely offered the wholly unpersuasive fact that Messrs. McKenney, Kuczera and Ursprung could identify a WINDMASTER stand on the side of the road. Since plaintiff has the burden of proving *either* secondary meaning or inherent distinctiveness and chose to present *only* evidence of secondary meaning, with no alternative argument in favor of inherent distinctiveness, this court finds no palpable defect occurred in finding that MDI conceded inherent distinctiveness for purposes of this motion.

Third, plaintiff alleges that this court erred when it found that MDI's alleged trade dress had not acquired secondary meaning. In regard to the factor of direct consumer testimony, plaintiff contends that the court incorrectly found that consumers of WINDMASTER sign stands are professional purchasers, and that that finding led the court to the incorrect conclusion that consumers did not or could not identify MDI's sign stands by its trade dress.

While this court did find that consumers of sign stands are professional purchasers, the court did not find that consumers of sign stands could not identify MDI's stands. The court merely found that because deponents McKenney, Kuczera, and Ursprung were not consumers of sign stands, their deposition testimony was not relevant to the question of whether consumers of sign stands could identify MDI's sign stands by its alleged trade dress. Since MDI offered no other evidence of "direct consumer testimony" in support of its claim of secondary meaning, the court found for TrafFix on that factor.

MDI also asserts that it "did not believe that TrafFix seriously contested the issue of secondary meaning in view of such statements from its own witnesses and independent parties" and thus did not think further consumer evi-

dence was necessary.[3] Subsequent to oral arguments, however, MDI elected to submit without leave of, or notice to, this court forty declarations from parties it describes as professional purchasers of sign stands which it claims "provide direct testimony as to the significance of MDI's trade dress." Plaintiff asks this court to reconsider its findings in light of this additional evidence. This court declines to do so for the following reasons.

First, the declarations were solicited by plaintiff, which provided a form on which its customers simply filled in a few blanks. Consumer testimony in this format is not persuasive. In discounting the weight of very similar evidence, the court in *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th Cir.1994), stated that:

> the letters were merely copies, in some cases simply photocopies with the blank spaces filled in, of a form letter provided by Aromatique. As in the *Application of Mogen David*, '[i]n substance, they amounted to hardly more than a carte blanche ap-

[3] MDI characterizes the testimony of witnesses McKenney and Kuczera on the issue of consumer recognition of trade dress as "uncontested." This characterization, however, is not entirely accurate. *See* TrafFix's Brief in Opposition to MDI's motion for Summary Judgment, p. 13, where TrafFix contests MDI"s attempts to utilize the testimony of Kuczera and McKenney to establish the distinctiveness of the MDI design.

Moreover, in light of the arguments presented by TrafFix in their response brief, MDI"s assertion that it "did not believe that TrafFix seriously contested the issue of secondary meaning in view of such statements from its own witnesses" is incredible to say the least.

MDI also contends that it believed that it did not need to present further evidence of direct consumer testimony in light of the declaration testimony of the three MDI salesmen, Noone, Hyde and Scully. Such reliance, however, was clearly misplaced given that this court has on several previous occasions found that testimony to be inadmissible hearsay.

> proval of that which had been formulated by a party naturally and understandably desirous of serving its own interest.' (citation omitted).

Id. at 872. Moreover, like the letters submitted in *Aromatique*, the declarations submitted by MDI are unsworn. This court finds that these declarations should be accorded little, if any, weight as evidence of secondary meaning and accordingly finds that no palpable defect occurred in this regard.

Plaintiff next asks this court to reconsider its findings regarding its exclusivity, length and manner of use; amount and manner of advertising; and amount of sales and number of customers as they relate to secondary meaning. The court has adequately addressed these issues in its opinion and finds that no palpable defect has occurred in this regard. The court declines to reiterate its reasoning here, except to address two points made by plaintiff.

First, in arguing that MDI's patents are irrelevant to the issue of exclusivity of use, plaintiff contends that "anyone could have made a sign stand prior to 1989 which had virtually all of the unique aesthetic features of the WINDMASTER sign stands and yet not infringe any of MDI's patents." This court is hard pressed to imagine such a sign stand. For example, plaintiff points out that in order to infringe the '482 patent, it is necessary to have the center of gravity of the sign fall within the ends of the legs. It does not appear possible to this court for a sign stand to look like MDI's WINDMASTER product, be able to stand upright, and function as a sign stand, but have a center of gravity that falls outside the ends of the stand's legs. Notably, MDI has not offered a description of such a stand.

Second, plaintiff asserts that this court did not take into account the fact that MDI's patents expired in 1989

and that TrafFix's alleged infringement did not begin until 1994-95, about five years later. Plaintiff points out that under the Lanham Act, proof of substantially exclusive and continuous use of a mark for five years preceding application for registration *may* be accepted as *prima facie* evidence of secondary meaning. *See* 15 U.S.C. § 1052(f). This court notes that the plain language of the statute is clearly discretionary and also notes that MDI merely makes the conclusory statement that it enjoyed exclusive use for five years, but did not proffer evidence of exclusive use for that period. Moreover, in view of the fact that MDI licensed Eastern Metal to use its WINDMASTER dual spring configuration for at least a portion of that five-year period, it appears that MDI could not show exclusive use.[4]

Finally, on the issue of secondary meaning, plaintiff contends that this court failed to draw the appropriate inferences from the actions by TrafFix in copying MDI's alleged trade dress. The case law cited by this court in its opinion, however, provides ample basis for defendant's belief that once the patents on plaintiff's sign stands had expired, it, as well as anyone else, was entitled to copy the product. Nothing presented by plaintiff in its motion for reconsideration suggests that a palpable defect occurred in this regard.

Plaintiff's fourth argument is that this court committed error in not ruling that there is a likelihood of confusion between MDI's WINDMASTER products and TrafFix's sign stand because it improperly decided the secondary

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4 MDI contends that the license to Eastern Metal supports MDI's claim to trade dress rights because it is evidence that Eastern Metal acknowledged the value, meaning and significance of MDI's trade dress. This court, however, does not consider a license agreement with a third party, entered into in settlement of litigation, to be persuasive evidence of secondary meaning.

meaning issue. Because MDI offers no additional arguments besides those proffered in their secondary meaning argument, this court will not endeavor to readdress those arguments here.

Finally, plaintiff argues that this court committed error in finding MDI's WINDMASTER product functional as a matter of law. MDI focuses on the court's finding that exclusive use of the dualspring configuration by MDI would put competitors at a disadvantage because it is one of a limited number of superior designs. In support of its argument to the contrary, MDI cites deposition testimony, declarations, and advertising brochures, all of which accompanied its earlier briefs and was considered by the court. Further, MDI proffers additional evidence that not all DOTs require stands that can withstand 70-75 mph winds and that the results of tests conducted by David Hillstrom, a senior design engineer at MDI, show that the MDI sign stand and three competitors' stands "performed virtually identically in wind forces up to and including 75 mph."

In *Publishers Resource, Inc. v. Walker-Davis Publications, Inc.*, 762 F.2d 557 (7th Cir.1985), the Court discussed the issue of new evidence advanced in a motion for reconsideration. There, the court stated that:

> Motions for reconsideration serve a limited function; to correct manifest errors of law or fact or to present newly discovered evidence. *Such motions cannot* in any *case be employed as a vehicle to introduce* new evidence that could have been adduced *during the pendency of the summary judgment motion.* (emphasis in original).

Id. at 561. The court notes that all of the "new evidence" submitted by MDI could have been adduced during the pendency of its summary judgment motion and, at the

very least, advanced at oral arguments. MDI was well aware that "competitive necessity" is an element of a functionality determination and should have proffered all relevant evidence concerning that issue in its briefs or at oral arguments. Because the evidence now proffered by MDI is not "newly discovered," but could have been acquired during the pendency of its original motion, the court declines to re-analyze its finding concerning functionality in light of that evidence.

Even if this court were to allow the "new evidence" as proof that all three competitors' stands are comparable in terms of wind resistance, the fact that the number of superior designs available to competitors remains limited still supports a finding of functionality.[5] *See In re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985). Moreover, even if plaintiff's arguments regarding "competitive necessity" are accepted, this court reminds plaintiff that "competitive necessity" is but one element to consider in a determination of functionality.[6] As previously noted, the Federal Circuit has stated:

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5 Plaintiff also submits a declaration by Clifford Sadler stating that the court erred in concluding that existing patents on a number of sign stands claimed by MDI to be viable alternatives renders them unavailable. The court does not find that plaintiff has established that a palpable error occurred where plaintiff merely offers conclusions of law presented in a declaration unsupported by legal authority. As such, this court's conclusion, that the existence of utility patents on certain competing designs limits the number of superior designs available to competitors, is unaffected.

6 Plaintiff also contends that this court erred in finding that even though some competitors' sign stands are less expensive than the WINDMASTER stand, the change in design of the WINDMASTER stand from the widely-spaced dual-spring design to the closely spaced dual-spring design is evidence of the functionality of the dual-spring design. Plaintiff apparently misconstrues the court's finding. The court simply credited Mr. Hillstrom's testimony concerning the design change as evidence that MDI's dual-spring design *affects the cost or quality of the article*, not that it had any significance in relation to the cost of competitors' stands. As previously noted, the Supreme Court in *Qualitex* found such evidence to be indicative of functionality.

> That another type of [design] would work equally well does not negate that this [design] was designed *functionally* to enhance or at least not detract from the rest of the system. . . .

In re Bose Corp., 772 F.2d at 872 (emphasis in original). Accordingly, this court finds no palpable defect in regard to its finding on competitive necessity.

Similarly, the court finds plaintiff's arguments concerning the significance of the '696 and '482 patents unpersuasive. Plaintiff argues that the court's reasoning relative to these patents and a finding of functionality is in direct conflict with the general legal standards that trade dress rights can properly be asserted after a patent has expired. The court acknowledges that such rights, in certain circumstances, can be asserted. Such circumstances, however, do not exist in this case. A cursory review of this court's opinion reveals that it is well supported by authority stating that an expired utility patent can be evidence of functionality in the trade dress context. MDI, on the other hand, cites no legal authority for its argument that utility patents play no role in the determination of functionality of alleged trade dress. Accordingly, this court finds that no palpable defect occurred in this regard.

In sum, this court finds that plaintiff has not demonstrated a palpable defect which would result in a different disposition of plaintiff's motion for summary judgment. Accordingly, plaintiff's motion for reconsideration is denied.

SO ORDERED.

APPENDIX C

UNITED STATES DISTRICT COURT
E.D. Michigan
Southern Division

Civil Action No. 95-40230

MARKETING DISPLAYS, INC.,
Plaintiff,

v.

TRAFFIX DEVICES, INC.,
Defendant.

June 2, 1997

AMENDED MEMORANDUM
OPINION AND ORDER

GADOLA, District Judge.

Before the court are three motions by plaintiff, Marketing Displays, Inc. ("MDI"). The first motion is a motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), filed on October 16, 1996, seeking to have this court find, as a matter of law, that the use by defendant, TrafFix Devices, Inc. ("TrafFix"), of the mark WINDBUSTER infringes MDI's registered trademark WINDMASTER. The second motion, is a motion to dismiss, pursuant to Federal Rule of Civil Procedure 12(b)(6) or alternatively for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), filed on October 30, 1996, on Count II of TrafFix's counterclaim. The

third motion, is a motion for sanctions, pursuant to Federal Rule of Civil Procedure 11, filed on December 10, 1996, alleging that TrafFix's counterclaim is not well-grounded in fact or in law. This court, pursuant to Local Rule 7.1(e)(2) (E.D.Mich. Nov. 7, 1994), has decided to dispense with oral argument and will decide the motions on the submitted briefs.

I. Background

MDI manufactures and sells, *inter alia,* spring-mounted wind-resistant sign stands. MDI has been manufacturing and selling these sign stands since 1968 under the trademark WINDMASTER. The first sign stand sold under the WINDMASTER mark was a business-type wind-resistant sign stand that was used to display advertisements, such as those seen at gas stations.

In the mid 1970's MDI modified its business-type wind-resistant sign stands in order to utilize the wind-resistant concept for traffic warning signs. The traffic-type wind-resistant sign stands were used to hold signs such as "ROAD WORK AHEAD" and "ROAD CONSTRUCTION AHEAD". These traffic-type, spring-mounted wind-resistant sign stands were then sold under the same mark WINDMASTER in the traffic control field.

MDI's WINDMASTER mark and products have been used continuously since 1968 and have enjoyed substantial commercial success. In the traffic control field, the WINDMASTER mark and traffic-type sign stands have been used continuously since 1976. In 1977, MDI registered WINDMASTER as a federal trademark.[1]

MDI sells several millions of dollars per year of these WINDMASTER sign stands and spends at least tens of thousands of dollars each year extensively promoting them

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[1] The United States Trademark Registration No. for "WINDMASTER" is 1,068,875 ("875").

in its advertising, literature, customer contacts, and trade shows. The name and product have each developed substantial goodwill and recognition in the sign stand industry.

In 1986 Mr. Jack Kulp started TrafFix Devices, Inc. to manufacture and sell traffic-type sign stands and related products. Prior to starting TrafFix, Mr. Kulp worked for Lear Siegler. During the time that Mr. Kulp was employed with Lear Siegler, it was a distributor of MDI's WINDMASTER traffic-type sign stands.

In the fall of 1994, TrafFix began selling a spring-mounted wind-resistant sign stand which was virtually identical to MDI's WINDMASTER product. In developing this sign stand, TrafFix sent one of MDI's WINDMASTER sign stands to Korea to be "reverse engineered."

On January 11, 1994, prior to adoption of the WINDBUSTER name, Mr. Donald Stout, a registered patent attorney, conducted a tradmark search, on Mr. Kulp's behalf, to determine the availability of the name WINDBUSTER as a trademark for traffic sign stands. In his opinion letter, Mr. Stout considered MDI's prior "WINDMASTER" registration and concluded that TrafFix's use of WINDBUSTER was not confusingly similar to MDI's mark.

On February 10, 1994, also prior to adoption of the WINDBUSTER name, TrafFix filed an application with the United States Patent and Trademark Office ("PTO") for the purpose of obtaining a Federal Registration for the WINDBUSTER mark.

The WINDBUSTER mark was published in the Trademark Gazette for an opposition period[2] beginning on

[2] The opposition period allows anyone who believes that they may be damaged by the registration of the mark to object to the registration of the mark and actually prevent the registration of the mark until all issues are resolved in a trademark proceeding.

March 14, 1995. No opposition was filed. On June 21, 1995, the Trademark Office allowed the WINDBUSTER trademark. On January 9, 1996, United States Trademark Registration No. 1,947,386, ("386") for TrafFix's WINDBUSTER mark, issued.

On July 11, 1995, MDI filed its first complaint alleging: in Count I, Lanham Act trademark infringement; in Count II, violation of federal trade dress law; in Count III, Michigan common law unfair competition. On September 7, 1995, this court dismissed, without prejudice, Count III of MDI's complaint.

On August 21, 1996, MDI filed an amended complaint in which it realleged all three counts and added a fourth count claiming Lanham Act unfair competition. On September 30, 1996, TrafFix answered MDI's amended complaint and asserted two counterclaims. Count I alleged Lanham Act unfair competition and Count II alleged federal antitrust violations.

II. Legal Standard

a. Motion for Summary Judgment

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Summary judgment is appropriate where the moving party demonstrates that there is no genuine issue of material fact as to the existence of an essential element of the non-moving party's case on which the non-moving party would bear the burden of proof at trial. *Martin v. Ohio Turnpike Commission,* 968 F.2d 606, 608 (6th Cir.1992); *Celotex Corp. v. Catrett,* 477 U.S. 317,

322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). In considering a motion for summary judgment, the court must view the facts and draw all reasonable inferences therefrom in a light most favorable to the non-moving party. *60 Ivy Street Corporation v. Alexander,* 822 F.2d 1432, 1435 (6th Cir.1987). The court is not required or permitted, however, to judge the evidence or make findings of fact. *Id.* at 1435-36. The moving party has the burden of showing conclusively that no genuine issue of material fact exists. *Id.* at 1435.

A fact is "material" for purposes of summary judgment where proof of that fact would have the effect of establishing or refuting an essential element of the cause of action or a defense advanced by the parties. *Kendall v. Hoover Co.,* 751 F.2d 171, 174 (6th Cir.1984). In other words, the disputed fact must be one which might affect outcome of the suit under the substantive law controlling the issue. *Henson v. National Aeronautics and Space Administration,* 14 F.3d 1143, 1148 (6th Cir.1994). A dispute over a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* Accordingly, where a reasonable jury could not find that the non-moving party is entitled to a verdict, there is no genuine issue for trial and summary judgment is appropriate. *Feliciano v. City of Cleveland,* 988 F.2d 649 (6th Cir. 1993).

Once the moving party carries its initial burden of demonstrating that no genuine issues of material fact are in dispute, the burden shifts to the non-moving party to present specific facts to prove that there is a genuine issue for trial. To create a genuine issue of material fact, the non-moving party must present more than just some evidence of a disputed issue. As the United States Supreme Court stated in *Anderson v. Liberty Lobby, Inc.,* 477 U.S.

242, 249-50, 106 S.Ct. 2505, 2510-11, 91 L.Ed.2d 202 (1986):

> There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the [non-moving party's] evidence is merely colorable, or is not significantly probative, summary judgment may be granted.

(Citations omitted); *see also Celotex,* 477 U.S. at 322-23, 106 S.Ct. at 2552-53; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.,* 475 U.S. 574, 586-87, 106 S.Ct. 1348, 1355-56, 89 L.Ed.2d 538 (1986). Consequently, the non-moving party must do more than raise some doubt as to the existence of a fact; the non-moving party must produce evidence that would be sufficient to require submission of the issue to the jury. *Lucas v. Leaseway Multi Transp. Serv., Inc.,* 738 F.Supp. 214, 217 (E.D.Mich. 1990), *aff'd,* 929 F2d 701 (6th Cir. 1991).

b. Motion To Dismiss

Federal Rule of Civil Procedure 12(b)(6) authorizes the district courts to dismiss any complaint which fails "to state a claim upon which relief can be granted." Rule 12(b)(6) affords a defendant an opportunity to test whether, as a matter of law, the plaintiff is entitled to legal relief even if everything alleged in the complaint is true. In applying the standards under Rule 12(b)(6), the court must presume all well-pleaded factual allegations in the complaint to be true and draw all reasonable inferences from those allegations in favor of the non-moving party. *Mayer v. Mylod,* 988 F.2d 635, 638 (6th Cir.1993); *Miller v. Currie,* 50 F.3d 373, 377 (6th Cir. 1995). The court need not, however, accord the presumption of truthfulness to any legal conclusion, opinions

or deductions, even if they are couched as factual allegations. *Western Mining Council v. Watt*, 643 F.2d 618, 629 (9th Cir.1981); *Mitchell v. Archibald & Kendall, Inc.*, 573 F.2d 429, 432 (7th Cir. 1978); *Sexton v. Barry*, 233 F.2d 220, 223 (6th Cir. 1956). Dismissal for failure to state a claim is disfavored:

> [A] complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.

Conley v. Gibson, 355 U.S. 41, 45-46, 78 S.Ct. 99, 102, 2 L.Ed.2d 80 (1957). *See also Cameron v. Seitz*, 38 F.3d 264, 270 (6th Cir.1994) (stating that a motion to dismiss should be denied unless "it is clear that the plaintiff can prove no set of facts in support of [its] claim that would entitle [it] to relief.").

III. Applicable Law

a. Trademark Infringement

In order to prevail on a motion for summary judgment in a trademark case, the moving party must establish that an accused name or trademark infringes another's trademark rights so that the accused party's mark is "likely to cause confusion" in the minds of purchasers or prospective purchasers. 15 U.S.C. § 1114. *See also Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir.1988). The determination of that issue is a question of law that may properly be decided on a motion for summary judgment. *WSM, Inc. v. Tennessee Sales Co.*, 709 F.2d 1084, 1086 (6th Cir.1983).

The legal test for determining whether a "likelihood of confusion" exists is well settled. In *Frisch's Restaurants, Inc. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir.1982),

the Sixth Circuit set forth eight factors that are relevant to the likelihood of confusion:

1. strength of the plaintiff's mark;
2. relatedness of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the mark;
8. likelihood of expansion of the product lines.

Id. at 648 (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979)). In *Wynn*, the Sixth Circuit explained how the *Frisch* factors are to be applied:

> These factors are simply a guide to help determine whether confusion would be likely to result from simultaneous use of the two contested marks. They imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful. As we said in *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 834 (6th Cir. 1983), "[t]he general concept underlying likelihood of confusion is that the public believe that 'the mark's owner sponsored or otherwise approved of the use of the trademark.' " (citations omitted).

Id. at 1186.

b. Monopolization

To establish the offense of monopolization or attempted monopolization in violation of § 2 of the Sherman Act, TrafFix must show that MDI:

> . . . either unfairly attained or maintained monopoly power. (citation omitted). Monopoly power consists of 'the power to control prices or exclude competition.' (citation omitted). An attempted monopolization occurs when a competitor, with a 'dangerous probability of success,' engages in anti-competitive practices the specific design of which are, to build a monopoly or exclude or destroy competition. (citations omitted). In order to succeed on either a monopolization or attempt to monopolize claim plaintiffs must establish the relevant product and geographic markets in which they compete with the alleged monopolizers. (citations omitted).

Smith v. Burns Clinic Medical Center, P.C., 779 F.2d 1173, 1175-76 (6th Cir.1985). (quoting citation omitted). *See also White & White, Inc. v. American Hospital Supply Corp.*, 723 F.2d 495, 506-07 (6th Cir.1983) (stating that "[t]he offense of attempt to monopolize . . . is composed of the following elements: 1. Specific intent to monopolize; 2. Anti-competitive conduct; 3. A dangerous probability of success.") The *White & White* court also stated that a "[s]pecific intent to monopolize may be inferred from evidence of anti-competitive conduct, (citation omitted) but not from legitimate business practices aimed only at succeeding in competition, (citations omitted)." *White & White*, 723 F.2d at 507.

c. Sanctions

"Rule 11 imposes a duty on attorneys to certify that they have conducted a reasonable inquiry and have determined that any papers filed with the court are well-grounded in fact, legally tenable, and 'not interposed for any improper purpose.'"[3] *McGhee v. Sanilac County*,

[3] Rule 11 provides, in relevant part, that:

> *(b) Representations to court.* By presenting to the court (whether by signing, filing, submitting, or later advocating)

> 934 F.2d 89, 93 (6th Cir.1991) (citing *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 110 S.Ct. 2447, 392-94, 2454, 110 L.Ed.2d 359 (1990)). In deciding whether to impose sanctions, this court must be sensitive to concerns that sanctions may "chill" the attorney creativity and vigorous advocacy which are inherent components of our civil justice system. *See, e.g., Yancey v. Carroll County, Ky.*, 674 F.Supp. 572, 575 (E.D.Ky. 1987), *aff'd*, 884 F.2d 581 (6th Cir.1989).

IV. Analysis

As a matter of "housecleaning", this court will, once again, dismiss, without prejudice, Count III of MDI's amended complaint for the reasons set forth in this court's September 7, 1995 order.[4] MDI is again directed to M.C.L. § 600.5856, regarding the tolling of the state statute of limitations. *See also Lee v. Grand Rapids Bd. of Educ.*, 148 Mich.App. 364, 384 N.W.2d 165 (1986);

> a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,—
>
> (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
>
> (2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a non-frivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;
>
> (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; . . .
>
> Fed. R. Civ. P. 11(b)(1)-(3).

[4] This court was informed, by letter dated January 17, 1997, from MDI's principal counsel, that MDI never received this court's September 7, 1995 order.

Shrader, Inc. v. Ecclestone Co., 22 Mich.App. 213, 177 N.W.2d 241 (1970).

a. Trade Mark Infringement

At the outset, TrafFix argues that there is a presumption that the WINDBUSTER mark does not infringe on the WINDMASTER mark since the Patent and Trademark Office allowed the WINDBUSTER mark even though they were "presumably" aware of the WINDMASTER mark. TrafFix, however, cites no legal authority, and this court was unable to find any authority that stands for the proposition that it is entitled to a presumption of no likelihood of confusion because the PTO allowed its mark. Moreover, TrafFix offers no direct evidence that the PTO was even aware of the WINDMASTER mark. Had TraFix brought the WINDMASTER mark to the attention of the PTO, as it did to its own trademark attorney prior to his issuance of an opinion letter, TrafFix's argument would be more persuasive. This, however, was clearly not done by TrafFix in this case. As such, this court will engage in a *Frisch* factor analysis to determine whether the WINDBUSTER mark infringes on the WINDMASTER mark. This analysis is undertaken without giving TrafFix the benefit of a presumption that its mark is not confusingly similar to the WINDMASTER mark.

1. Strength of the plaintiff's mark.

MDI contends that it owns incontestible trademark rights in the WINDMASTER mark, as a matter of law, since the WINDMASTER mark has been registered for more than five years, i.e. since 1977. *See Wynn Oil Co.*, 839 F.2d at 1187.

TrafFix, on the other hand, argues that the WINDMASTER trademark applies only to "business-type WINDMASTER" products, which are separate from the traffic

sign stand products. TrafFix points to the description of the WINDMASTER product listed in the registration: "*metal, non-tippable display apparatus for use in holding and displaying signs,* posters, metal panels, and advertising messages, in class 6." (emphasis added) However, this court finds that the above product description is not so constrictive as to limit the WINDMASTER mark to only a business-type application. Moreover, the description of the WINDBUSTER product listed in TrafFix's registration is virtually identical to that for the WINDMASTER product, to wit: "*yieldable, self-uprighting metallic stand for use in holding and displaying signs,* fabric panels, rigid panels, and the like." (emphasis added). As such, this court finds that MDI does have incontestable trademark rights in the WINDMASTER mark.

Even if this court did not determine that MDI enjoys incontestable trademark rights in the WINDMASTER mark, it would, nevertheless, find that the WINDMASTER mark is strong. MDI has used the WINDMASTER mark in the traffic control field for over twenty years with substantial success. There have been over 28 million dollars in sales of WINDMASTER sign stands. Moreover, MDI has expended large sums of money in advertising the WINDMASTER line of stands which has resulted in widespread recognition. Even Mr. Kulp, TrafFix's president and principal owner, acknowledged that WINDMASTER sign stands were well received. As such, this court finds that this factor favors MDI.

2. Relatedness of the goods.

TrafFix cannot credibly represent to this court that the WINDBUSTER product is not virtually identical to the WINDMASTER product as evidenced by a mere com-

parison of the advertising literature of the respective parties. Both products use a pair of closely spaced vertically oriented coil springs to hold the same type of sign upright on a narrow, four legged base. Indeed, TrafFix has already conceded that the WINDBUSTER product was at least "reverse engineered." Moreover, TrafFix's attempt to highlight minor differences in the goods, such as color, is not compelling. As such, this court finds that this factor favors MDI.

3. Similarity of the marks.

At the outset, this court rejects TrafFix's attempt to dissect the marks in question. The Sixth Circuit, in *Little Caesar Ent., Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568 (6th Cir.1987) stated:

> Although both marks employ the word "Caesar," we are warned by Professor McCarthy that a trademark 'should not be split up into its component parts and each part then compared with parts of the conflicting mark to determine the likelihood of confusion. It is the impression which the mark as a whole creates on the average reasonably prudent buyer and not the parts thereof which is important.'

Id. at 571. (quoting Professor J. Thomas McCarthy, in *Trademarks and Unfair Competition* § 23:15 (2d ed. 1984)).

Here, the WINDBUSTER mark is similar both in appearance and sound and conveys substantially the same meaning as the WINDMASTER mark. Both marks have the same number of letters with the first and fifth letters being capitalized in each mark. Only two letters are different between the two marks—the "MA" from WINDMASTER and the "BU" in WINDBUSTER. Both marks are black and have a similar font or script.

When spoken, both marks sound substantially similar to each other. Both marks have the same number of syllables and contain the identical prefix "WIND," and suffix "STER." Most compelling, is that the dominant portions of each mark, "WIND," are identical. The Federal Circuit has stated that:

> [A] particular feature of a mark may be more obvious or dominant, and therefore, when determining likelihood of confusion, greater weight ought to be given to the force and effect of such a feature.

Kangol Ltd. v. Kangaroos U.S.A. Inc., 974 F.2d 161, 163 (Fed.Cir.1992).

TrafFix argues that "WIND" is not the dominant portion of the respective marks as evidenced by MDI's use of the "MASTER" portion of the mark in its other sign stand trademarks, i.e. TRAFFICMASTER and STEELMASTER. This argument, however, belies the fact that the "WIND" prefix is the portion of the mark that purchasers of wind resistant sign stands remember regardless of whether MDI utilizes the "MASTER" portion of the mark in its other products.

Finally, both WINDBUSTER and WINDMASTER connote the same meaning, i.e. that the mark may be related in some way to the ability of the product to withstand windy conditions. As such, this court finds that this factor favors MDI.

4. Evidence of actual confusion.

As evidence of actual confusion, MDI offers the declarations of several of its employees who state that there have been instances of actual confusion by customers calling MDI about WINDBUSTER signs. MDI also offers the declaration of Ron Lunt, a buyer from the City of Dover, Delaware.

TrafFix argues that MDI's proffered evidence is inadmissible hearsay, and requires that this court make credibility determinations which are not permitted in summary judgment proceedings. MDI responds that such evidence is admissible as non-hearsay or as a state of mind exception to the hearsay rule pursuant to Federal Rule of Evidence 803(3). Both parties cite cases in support of their respective positions, none of which are binding precedent on this court. Without entering into a lengthy analysis, this court concludes that it is in agreement with the reasoning of those cases cited by TrafFix which hold that employee testimony regarding alleged telephone conversations with purchasers is unreliable hearsay which does not invoke the 803(3) state of mind exception.

Mr. Lunt's declaration, however, in which he states that he "assumed that WINDBUSTER was just another product being offered by MDI in its sign stand line," cannot be considered inadmissible hearsay. Mr. Lunt is plainly stating that he was, indeed, confused as to the origin of WINDBUSTER. Nevertheless, Mr. Lunt's testimony, alone, is *de minimis*.

TrafFix goes on to urge this court to find that, because the evidence of actual confusion is *de minimis* and because the parties are in direct competition in the traffic control marketplace, an inference of *no* likelihood of confusion should be made. For that proposition, TrafFix quotes a portion of the Sixth Circuit's holding in *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d 1100, 1110 (6th Cir.1991). There, the Sixth Circuit stated: "Indeed, the existence of only a handful of instances of actual confusion after a significant time or a significant degree of concurrent sales under the respective

marks *may* even lead to an inference that no likelihood of confusion exists. (citation omitted)" (emphasis added).[5]

However, TrafFix's reliance on *Homeowners* is misplaced since there, the Sixth Circuit, without explicitly deciding whether to draw such an inference, only stated that such an inference *may* be drawn. In addition, the Sixth Circuit recognized that such an inference may be proper only where "the parties have been doing business in the same area for some time. . . ." *Id.* (citing cases in which business was conducted over three years and fifteen years.) In the instant case, at the time the complaint was filed, the parties had been competing for less than a year. This is not a sufficient amount of time from which to draw an inference of no actual confusion. Moreover, this court notes that TrafFix has not proffered any evidence of its own showing that no actual confusion exists. As such, this court finds that this factor favors neither party.

5. Marketing channels used.

There is apparently no dispute that the parties use the same marketing channels as TrafFix does not contest this factor in its response. As such, this court finds that both parties market their respective products to contractors, government entities, and utilities and that this factor favors MDI.

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[5] This court will presume that counsel for TrafFix, merely misstated the holding in *Homeowners* to this court. Counsel quoted the *Homeowner's* language, in the above parenthetical, as: ". . . . Indeed, the existence of only a handful of instances of actual confusion after a significant time or a significant degree of concurrent sales under the respective marks *that* even lead to an inference that no likelihood of confusion exists." (emphasis added). In the event, however, that such a misstatement is made in the future, by either party, there will be no such favorable presumption and this court will expore the imposition of Rule 11 sanctions.

6. Likely degree of purchaser care.

The relevant buyer class for traffic-type products is professional purchasers. The Sixth Circuit, in *Homeowners*, stated that:

> When the relevant buyer class is composed of such professional purchasers the likelihood of confusion is lower. That is, 'while two marks might be sufficiently similar to confuse an ordinary consumer, a professional buyer or an expert in the field may be more knowledgeable and will not be confused.'

Homeowners, 931 F.2d at 1111 (citing 2 J. McCarthy § 23:29, at 135). As such, this factor favors TrafFix.

7. Defendant's intent in selecting the mark.

In the instant case, Mr. Kulp requested an opinion letter from his trademark attorney prior to marketing his product under the WINDBUSTER mark. That letter concluded that WINDBUSTER and WINDMASTER were not confusingly similar. Moreover, the Trademark Office's allowing the mark, although not an implicit finding that the WINDBUSTER mark was not confusingly similar, *see* discussion *supra*, is evidence of an absence of improper intent on the part of TrafFix in selecting the mark. As such, this factor favors TrafFix.

8. Likelihood of expansion of the product lines.

Both parties concede that this factor does not favor either party.

Thus, after examining the eight *Frisch* factors, this court concludes that there is a clear likelihood of confusion between the WINDMASTER and WINDBUSTER marks. The closely related nature of the products and the similarity of the marks make it highly probable that a purchaser of WINDBUSTER would assume that it has some affiliation with WINDMASTER products.

b. Monopolization

At the outset, this court will treat MDI's motion to dismiss the counterclaim, or in the alternative summary judgment, as a motion for summary judgment. Where a motion to dismiss for failure to state a claim is made under Rule 12 and "matters outside the pleadings are presented and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56." Fed.R.Civ.P. 12(b)(6).

The parties are in agreement that "before reaching the merits of an antitrust claim, it is necessary to identify the relevant markets." *Potters Medical Center v. City Hospital Assn.*, 800 F.2d 568, 574 (6th Cir. 1986). The Supreme Court has set forth the legal test for determining the relevant market as follows:

> When a product is controlled by one interest, without substitutes available in the market, there is monopoly power. . . . *But where there are market alternatives that buyers may readily use for their purposes, illegal monopoly does not exist merely because the product said to be monopolized differs from others.* If it were not so, only physically identical products would be a part of the market.

United States v. E.I. du Pont de Nemours & Co., 351 U.S. 377, 394, 76 S.Ct. 994, 1006-07, 100 L.Ed. 1264 (1956) (emphasis added). The Sixth Circuit has interpreted this as requiring a determination of those products "that are either (1) identical to or (2) available substitutes for defendant's product or service." *White & White*, 723 F.2d at 500. The *White & White* court went on to emphasize the "reasonable interchangeability" standard,

id., "which allows for closely related product substitutes to be considered in the relevant market. . . ." *Car-Freshner Corp. v. Auto Aid Manufacturing Corp.*, 195 USPQ 747, 438 F.Supp. 82 (N.D.N.Y.1977).

TrafFix, in its counterclaim, defines the relevant market as "wind resistant sign stands *mounted on dual springs.*" (emphasis added). MDI, on the other hand, contends that the relevant market is "wind-resistant sign stands."[6] Later, in its response to MDI's motion, TrafFix amends its definition of the relevant market, or submarket, to be "wind resistant sign stands with dual springs [that] *are designed for use with 4' x 4' rigid signs.*"

In support of its motion, MDI offers evidence of third party competitors that use other types of spring-type mechanisms, not just dual springs. For instance, Eastern Metals of Elmira, Dicke Tool Co., and Sign-Up Corp., all of which are admitted by Jack Kulp, TrafFix's president and principal owner, to be direct competitors to MDI and TrafFix in the marketplace.[7] Those company's

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[6] TrafFix correctly points out that this definition would include MDI's business sign stands which are not at issue here. As such, the court will presume, for purposes of the instant motion only, that when MDI refers to "wind-resistant sign stands," it is referring to "wind-resistant [traffic] sign stands."

[7] At Mr. Kulp's deposition on August 5, 1996, the following testimony was elicited:

Q: What products in the marketplace does the WindBuster sign stand compete with?

A: The SteelMaster.

Q: What other product?

A: Eastern Metal Sign stand, Elmira. S & S sign stand; Skip and Smith I think the S & S stands for. Dicke Tool sign stand. Sign-Up Corporation sign stand. Korman Signs sign stands, Virginia. And Work Area used to have a sign stand, I don't know that they still have them.

compete with the WINDMASTER and WINDBUSTER products by selling resiliently mounted sign stands which use, respectively, a single fiberglass leaf spring mechanism, a single horizontal coil spring mechanism, and a single enclosed tension spring mechanism.[8]

Q: And—

A: Bone Safety Sign, that's another one.

Q: And Eastern Metal, the full name of that company is Eastern Metal of Elmira?

A: That's my understanding.

Q: What product of these companies does the WindBuster compete with?

A: Competes with their rigid sign holders.

Q: All these companies have a wind resistant sign holder that has some type of spring mechanism in it?

A: That's my understanding.

Q: So any one of these sign stands of these companies have a wind resistant sign stand with a resilient member that competes with the WindBuster?

A: That's my understanding.

[8] At Mr. Kulp's deposition on August 5, 1996, the following testimony was elicited:

Q: What products in the marketplace does the Windbuster sign stand [TrafFix's product] compete with?

A: The SteelMaster [MDI's product].

Q: What other product?

A: Eastern Metal sign stand, Elmira, S & S sign stand; Skip and Smith I think the S & S stands for. Dicke Tool sign stand. Sign-Up Corporation sign stand. Korman Signs sign stands, Virginia. And Work Area used to have a sign stand, I don't know that they still have them.

Q: All three of those products you just mentioned; the Eastern Metal *flat spring*, Dicke Tool *horizontal spring* and the Sign-Up *power cell*, they are all products which compete in the marketplace with the Windbuster sign stand [TrafFix's product], are they not?

A: After a fashion.

Q: They do compete?

A: Yes.

TrafFix claims that a genuine issue of material fact exists for three reasons. First, it argues, as mentioned above, that the relevant market is wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs. However, this argument is directly contradicted by Kulp's testimony, quoted above, in which he admits that TrafFix's sign stands compete with the sign stands of various third-parties, including Dicke Tool, Korman, Work Area Protection, Eastern Metals, Sign-Up, and S & S.[9]

It is generally established that, under Rule 56, a party may not create a genuine issue of material fact by submitting an affidavit, after a motion for summary judgment has been made, containing conclusory allegations that contradict prior admissions or desposition testimony. *See Dotson v. United States Postal Service*, 977 F.2d 976, 978 (6th Cir.1992) (plaintiff's affidavit opposing summary judgment, which contradicted prior statements that he was "fired" from prior employment, failed to create a genuine issue of material fact in a Title VII wrongful termination action); *Freeman v. Unisys Corp.*, 898 F. Supp. 485, 490 (E.D.Mich. 1995) (stating that "[a] party may not create a factual issue by filing an affidavit, after a motion for summary judgment has been made, which contradicts [his] earlier deposition testimony.");

[9] It is also telling that in TrafFix's response to request no. 21 of MDI's second set of requests for admissions, TrafFix admits "that it is using the mark WINDBUSTER in connection with *wind-resistant traffic sign stands*." Certainly, this was an opportune time for TrafFix to correct MDI by means of a denial and to state what it considered the relevant market for its WINDBUSTER product to be. TrafFix, however, did not specify that it was using the WINDBUSTER mark in connection with "wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs" much less state that it was using the mark in connection with "wind resistant sign stands mounted on dual springs."

United States v. Certain Real Property, 791 F.Supp. 171, 173 (E.D.Mich.1992) (defendant's affidavit contradicting admissions in deposition testimony concerning knowledge of illegal drug activities deemed insufficient to create a genuine issue of material fact). *See also Miller v. A.H. Robins Co., Inc.*, 766 F.2d 1102, 1105 (7th Cir. 1985) ("Parties cannot thwart the purpose of Rule 56 by creating issues of fact through affidavits that contradict their own depositions."). *Francis v. Gaylord Container Corp.*, 837 F.Supp. 858, 864 (S.D.Ohio), *aff'd*, 9 F.3d 107 (1993) (contradictory post-deposition affidavits by a witness are improper and should not be considered by the court in deciding the summary judgment motion) (citing *Gagne v. Northwestern Nat'l Ins. Co.*, 881 F.2d 309, 315 (6th Cir.1989)).

Moreover, TrafFix offers no evidence to support its position that the relevant market is wind resistant sign stands with dual springs that support 4′ x 4′ rigid signs. In fact, at least four of MDI's and TrafFix's competitors, Eastern Metal, Sign-Up, Dicke Tool, Services & Materials, expressly state in their literature that their single spring systems can be used for rigid signs. As such, this argument is rejected outright.

Second, TrafFix argues that there is a genuine question of material fact because MDI in several filings with the PTO stressed that dual spring stands perform different functions than single spring stands. This "evidence", however, is too casual to be persuasive particularly in light of the acknowledged single spring competitors of TrafFix and MDI. This argument is, therefore, rejected.

Finally, TrafFix argues that since many governmental agencies, in their bidding specifications for stands for 4′ by 4′ signs, prescribe only dual spring stands, there is genuine question of material fact. However, of the five

bid specifications provided to this court by TrafFix, only two specifically call for a dual spring system and a third specification arguably calls for such a system by referencing a model that uses the dual spring system. Such "evidence" is *de minimis* and does not create a genuine issue of material fact.

As such, this court concludes that no reasonable trier of fact could find that the relevant market is wind resistant sign stands mounted on dual springs, much less wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs. Instead, a reasonable trier of fact would have to find that the relevant market is wind-resistant sign stands. Because TrafFix's definition of the relevant market is plainly incorrect, and because that definition is inexorably intertwined with its monopolization claim, summary judgment as to that claim is appropriate.

Regardless, TrafFix has failed to put forth any evidence that MDI has engaged in anti-competitive activity. TrafFix merely alleges that MDI is engaged in anti-competitive activity by virtue of asserting trade dress rights. However, it is axiomatic that the patent and trade dress laws protect different interests, *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657-58 (7th Cir. 1995), and that courts allow a party to assert trade dress rights after its patent has expired. *See, e.g., Kohler Co. v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir.1993); *Application of Mogen David Wine Corp.*, 51 C.C.P.A. 1260, 328 F.2d 925, 930 (C.C.P.A.1964); *Zip Dee, Inc. v. Dometic Corporation*, 931 F.Supp. 602, 612 (N.D.Ill. 1996).

TrafFix argues that cases finding trade dress rights after the patent has expired only address design patents. TrafFix contends that where the patent in question is a

utility patent, courts have declined to extend trademark protection. However, TrafFix fails to cite any authority for that proposition. Moreover, TrafFix fails to cite any authority, and this court was unable to find such authority, that stands for the proposition that the mere assertion of trade dress rights by a party after its patent rights have expired, even where the expired patent was a utility patent, is an unlawful attempt to monopolize in contravention of 15 U.S.C. § 2.

This court finds that the mere assertion of trademark rights does nct constitute a dangerous probability that MDI would gain monopoly power in the market of wind-resistant signs.

TrafFix is certainly entitled to and will have the opportunity to attack the validity of MDI's trade dress claims on the grounds that the dual spring design is functional when the time comes. This court merely holds, at this time, that TrafFix has not offered any evidence of anti-competitive activity and that therefore summary judgment, in favor of MDI, is appropriate.

c. Sanctions

At the outset, it should be noted that TrafFix has failed to timely[10] respond to MDI's motion for Rule 11 sanctions.[11] That motion sought sanctions for the filing

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[10] Since MDI filed its motion for Rule 11 sanctions on December 10, 1996, TrafFix's response was due on December 30, 1996.

[11] Ms. Marshall, counsel for TrafFix, has represented to this court that an agreement was reached between the parties to extend the response deadline to January 10, 1997. This court, however, did not approve any such extension to respond nor was it even made aware of such an agreement. *See* Local Rule 7.1(f) (E.D.Mich. Nov. 7, 1994). Yet again, this court must caution the parties that any similar future conduct will not be countenanced by this court and may very well result in the imposition of Rule 11 sanctions.

of an antitrust counterclaim by TrafFix even though there was evidence elicited during discovery which contradicted that claim. Without engaging in a protracted analysis, this court finds that Rule 11 sanctions are not appropriate in this instance. While this court will dismiss TrafFix's counterclaim, it does not find that this claim is so ungrounded in fact or law that sanctions are warranted. Suffice it to say, this court remains sensitive to concerns that sanctions may "chill" the attorney creativity and vigorous advocacy which are inherent components of our civil justice system. *See, e.g., Yancey v. Carroll County, Ky.*, 674 F.Supp. 572, 575 (E.D.Ky.1987), *aff'd*, 884 F.2d 581 (6th Cir.1989).

Instead, this court is more troubled by TrafFix's conduct during the litigation thus far. *See* discussion *supra* notes 5, and 11. Although this conduct has been less than exemplary, this court does not find that it has risen to the level that warrants the imposition of sanctions. Rather, this court trusts that such behavior will cease in the future.

V. Conclusion

In sum, this court, for the reasons discussed above, will grant MDI's motions, pursuant to Federal Rule of Civil Procedure 56(c), for summary judgment on its trademark infringement claim and on TrafFix's antitrust counterclaim. This court will, however, deny MDI's motion, pursuant to Federal Rule of Civil Procedure 11, for sanctions.

ORDER

IT IS HEREBY ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Count I of its amended complaint, is GRANTED.

IT IS FURTHER ORDERED that defendant, TRAFFIX DEVICES, INC., is immediately and permanently ENJOINED from using the mark "WINDBUSTER."

IT IS FURTHER ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Count II of defendant's counterclaim, is GRANTED and that defendant, TRAFFIX DEVICES, INC., take nothing.

IT IS FURTHER ORDERED that MDI's motion for sanctions, pursuant to Federal Rule of Civil Procedure 11, is DENIED.

SO ORDERED.

Supreme Court, U.S.
FILED
MAY 17 2000
CLERK

(2)

No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INC.,

Petitioner,

v.

MARKETING DISPLAYS, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF IN OPPOSITION

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COUNTERSTATEMENT OF THE QUESTION PRESENTED

I. Whether statutory recognition of trademark rights in distinctive, nonfunctional product features interferes with the public's "right to copy" the subject matter of an expired utility patent as developed by Supreme Court precedent.

STATEMENT PURSUANT TO RULE 29.6

Respondent, Marketing Displays, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.

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STATEMENT OF THE CASE

Petitioner's Statement of the Case omits significant facts which are believed necessary for a full understanding and proper resolution of the issues presented. Respondent offers the following as a more accurate and complete account of the facts in this case.

The parties both manufacture and sell sign stands for use in the traffic safety field. Marketing Displays, Inc. ("MDI") and TrafFix Devices, Inc. ("TrafFix"), however, entered the field through vastly different paths. Beginning in the late 1960's, MDI began manufacturing and selling *business*-type sign stands under the trademark "WindMaster." App. 69a. MDI was awarded two utility patents on various features of its *business*-type sign stands — U.S. Patent Nos. 3,646,696 and 3,662,482.[1] In the 1970's, MDI designed and introduced its "WindMaster" *traffic*-type sign stand, which was unique and distinctive. *Id.* The District Court confirmed that the configuration of MDI's traffic-type sign stand "is not literally disclosed in [MDI's] patents" nor literally claimed. App. 49a, 50a.

The unique and distinctive design of the traffic-type "WindMaster" sign stand consists of: (a) four skewed legs; (b) a relatively narrow base to which the skewed legs are attached; (c) a pair of closely spaced vertically-aligned coil springs supported on the base; (d) a vertical upright member extending from the pair of closely spaced coil springs; and (e) a diamond shaped traffic sign attached to the vertical upright member. MDI has invested significantly in the

1. MDI also obtained a federal trademark registration (No. 1,068,875) for its "WindMaster" trademark — which TrafFix concedes is incontestable. App. 7a.

promotion and protection of its "WindMaster" trademark, trade dress and products. As such, MDI's "WindMaster" sign stands "have enjoyed substantial commercial success" and "have all developed substantial goodwill and recognition in the sign stand industry." App. 69a, 70a. While the unique configuration of MDI's traffic-type "WindMaster" sign stand is unregistered, it is afforded protection under the trademark laws. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). MDI's investment in development and promotion of its sign stands has resulted in its "WindMaster" trademark, trade dress and products being afforded protection under the patent and trademark/trade dress laws.

Conversely, TrafFix entered the market by riding on the reputation created by MDI. TrafFix — which was founded by a former distributor of MDI's "WindMaster" sign stands — began manufacturing and selling traffic-type sign stands in about 1994. App. 27a. Armed with the prior knowledge of the reputation, goodwill, and commercial acceptance of MDI's "WindMaster" sign stands, TrafFix imitated the "WindMaster" configuration by sending it to Korea to be copied or "reverse engineered." App. 70a, 80a. As pointed out by the District Court, TrafFix succeeded in copying the "WindMaster" traffic-type sign stand since the parties' product configurations are "virtually identical."[2] App. 42a. TrafFix then sold its duplicate product under the infringing name "WindBuster". TrafFix' actions resulted in numerous instances of actual confusion with customers throughout the industry.

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2. As the Sixth Circuit noted, it is TrafFix's obligation to "come up with its own design, or license one of the outstanding patents, or use the dual-spring design in a way that does not infringe MDI's trade dress." App. 21a.

TrafFix contended that it had a right to copy the sign stands alleging that they entered the public domain when MDI's patents expired. Yet, as this Court has recognized, the right to copy is not absolute, but it is limited to designs not protected by "other federal statutory protection." *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234, 238 (1964). In this regard, at least six other competitors in the industry respected MDI's trade dress rights in its sign stand and adopted and utilized different configurations for their traffic-type sign stands. TrafFix's President admitted that all of these third-party sign stands compete with the "WindMaster" and "WindBuster" sign stands. App. 87a. In fact, many of these competitors market and promote their sign stands as being equal to, or better than, MDI's "WindMaster" sign stands. These alternative sign stand designs — which are used for both business-type and traffic-type purposes — also undisputedly present different "looks" to the public than the MDI's "WindMaster" sign stands.

In the December 29, 1999, decision, the Sixth Circuit affirmed the injunction issued by the District Court, which enjoined TrafFix from infringing MDI's "WindMaster" trademark, and affirmed the dismissal of TrafFix's antitrust counterclaim. The Sixth Circuit also vacated the District Court's dismissal of MDI's trade dress infringement claim and held that MDI was not estopped from asserting trade dress protection in a product that is the subject of an expired patent. TrafFix has only petitioned this Court to review the Sixth's Circuit's ruling on the trade dress issue.

REASONS FOR DENYING THE WRIT

Summary of the Argument

This Court should deny certiorari as the law is harmonized on the issue presented for review and this Court's intervention is not required to achieve national uniformity.

First, the same issue has come to the Court on at least five occasions in recent years and in each case the Court has declined to grant certiorari. *See Midwest Industries, Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 119 S. Ct. 336 (1998); *Sunbeam Products, Inc. v. West Bend Co.*, 123 F.3d 277 (7th Cir.), *cert. denied*, 523 U.S. 1118 (1998); *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989). No new issues are raised in the Petitioner's request that requires the Court's intervention in this instance.

Second, there is no conflict with prior precedent as there is no absolute "right to copy". One is only free to copy so long as the copying does not violate other federal statutory provisions. Would anyone seriously contend that one was free to copy a copyrighted software program, which was disclosed in a patent as the "best mode" for operating a particular device, upon expiration of the patent? The answer is clearly no as each of the intellectual property rights is a discrete right founded in its own policy and exists for a different purpose. Yet, Petitioner analogously argues that one of those rights should be ignored.

Third, the "conflict" between the circuits is more perceived than real — and was resolved by Congress when it amended the Lanham Act in 1999. The *Vornado* case has not been followed by any court, but instead has been criticized, ignored or distinguished.

I.

RECOGNIZING TRADE DRESS RIGHTS IN DISTINCTIVE, NON-FUNCTIONAL PRODUCT FEATURES DOES NOT CONFLICT WITH THE PUBLIC'S ASSERTED "RIGHT TO COPY" AN EXPIRED PATENT

1. The Sixth Circuit decision does not conflict with this Court's precedent regarding the so-called "right to copy" the subject matter of an expired patent. Petitioner's reliance on *Singer*, *Kellogg* and *Bonito Boats* for the proposition that after expiration of a patent, the subject matter of the patent passes to the free use of the public, is misplaced for several reasons. The right to copy is not absolute; rather, the right must yield to "other federal statutory protection." *Compco*, 376 U.S. at 238. To the extent *Singer* and *Kellogg* can be interpreted to suggest that trade dress rights cannot be obtained in product features that had been disclosed in a patent, more recent cases of this Court clearly indicate otherwise. *Bonito Boats, Inc. v. ThunderCraft Boats, Inc.*, 489 U.S. 141, 165-66 (1989). Moreover, Congress has explicitly resolved the apparent conflict between the patent and trademark laws by declaring that the functionality doctrine is determinative, and harmonizes the trademark law's concern about consumer confusion and the patent law's implicit antimonopoly mandate. 15 U.S.C. § 1125(a)(3). Petitioner's reliance on the Court's precedent is also

misplaced since none of the Court's opinions confronted the federal patent law vis-à-vis the federal trademark law. Finally, nothing in the Sixth Circuit decision prevents the public from copying the subject matter of the expired MDI patents. MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patent, but only the distinctive, nonfunctional aspects of its commercial traffic-type sign stand. Even under Petitioner's argument, MDI's WindMaster traffic-type sign stand is merely one embodiment, of many, which falls within the scope of the patent claims. Thus, the public is not being deprived of the "right to copy", except to the extent it must respect other statutory rights.

2. The right to copy is not absolute. *Compco*, 376 U.S. at 238. Even before the recognition of, and later codification of, protectable trade dress rights in product configurations, this Court consistently recognized that the right to copy may be limited by competing interests and, in particular, the protections against unfair competition. Specifically, in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 202-04 (1896), even though the term "Singer" was held to be generic, the Court required that the defendant include "a plain and unequivocal indication of the origin of manufacture" on its sewing machines to prevent consumer confusion as to source. Similarly, the Court in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 117-18, 120 (1938), concluded that, although "the name 'Shredded Wheat', as well as the product, the process and the machinery employed in making the product, had been dedicated to the public", Kellogg nevertheless had an obligation "to identify its product lest it be mistaken for that of the plaintiff." Likewise, in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964), Justice Black conceded that a State "may, in appropriate circumstances, require that

goods . . . be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." Thus, the right to copy the subject matter of an expired patent has always yielded to the equally compelling policies underlying the unfair competition laws.

Many years later, as trade dress rights in product configurations became well-accepted, the "Court cited the Lanham Act as an indication that Congress regards protections against unfair competition as consistent with patent principles, [adding] that 'application of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard.' " *Midwest Indus.*, 175 F.3d at 1363-64 (*citing Bonito Boats, Inc.* U.S. at 166 (1989)). Thus, the Court has never acknowledged that the public's so-called "right to copy" is unfettered. To the contrary, the Court has consistently affirmed that the laws governing unfair competition and patents are distinct, deserving of equal recognition, and capable of harmonious coexistence.

In all of these cases, however, the Court resolved asserted conflicts between federal patent law and *state* unfair competition law by finding that the state laws were preempted. Today, the Federal Lanham Act expressly acknowledges trade dress rights for nonfunctional aspects of a product configuration. 15 U.S.C. § 1125(a)(3). As evidenced by the legislative history, the *functionality doctrine* governs whether a product configuration is entitled to trade dress protection:

> Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress

infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered mark to be given the same presumption would not promote fair competition or registration. *For example, the owner of a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under the patent law. Therefore, it should be incumbent on the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.*

H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999) (discussing the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which amends Section 43(a) of the Trademark Act of 1946).

In other words, the Court's assumption in *Bonito Boats* that Congress regards protection against unfair competition as consistent with patent principles has been made explicit. It follows that Petitioner's asserted "conflict" is without need of resolution, since courts have a duty to regard each of two apparently conflicting federal statutes as " 'capable of coexistence . . . absent a clearly expressed congressional

intention to the contrary.' " *Thomas & Betts*, 138 F.3d at 302 (*quoting Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1018 (1984)). With the recent passage of amendments to the 1946 Trademark Act, the intent of Congress is clear — the *functionality* doctrine is determinative of whether a product configuration is entitled to trade dress protection — not whether the asserted trade dress has been disclosed or claimed in a utility patent.

3. The legislative intent is consistent with recent district and appellate court decisions, including the Sixth Circuit decision at issue here, which have uniformly held that the recognition of trade dress rights in distinctive, nonfunctional product features under the federal trademark laws does not conflict with either patent law or its underlying policy. *See, Midwest Indus.*, 175 F.3d at 1364. The policies underlying the patent and trademark laws are distinct, the rights afforded by both are different, and the recognition of either does not raise a conflict between the two.

4. The apparent conflict between patent and trademark law is often raised, as in the present case, by asserting that patent owners will use trademark law to improperly extend their "monopoly". The modern trend clearly recognizes that "trademark rights, or rights under the law of unfair competition, 'do not "extend" the patent monopoly.' Rather, '[t]hey exist independently of it, under different law and for different reasons.' " *Midwest Indus.* 175 F.3d at 1362 (*citing In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)).

Several policies are served by recognizing exclusive rights in trademarks. The Lanham Act serves to: (1) foster competition by "protect[ing] the ability of consumers to

distinguish among competing producers." *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985); (2) avoid confusion among consumers as to the source or origin of goods and services. 15 U.S.C. § 1127; (3) encourage "the maintenance of quality by securing to the producer the benefits of good reputation." *Park 'N Fly*, 469 U.S. at 198; and (4) maintain healthy competition by "protect[ing] persons engaged in [federally regulated] commerce against unfair competition." 15 U.S.C. § 1127.

An important limitation on the enforceability of trademark rights in trade dress is the functionality doctrine. A product feature is functional if it is " 'essential to the use or purpose of the article, or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualtex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995) (*quoting Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982)).

The patent laws, on the other hand, seek to promote the "progress of Science and useful Arts" by providing incentives for innovation and disclosure of new inventions. U.S. Const. art. I, § 8, cl. 8; *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). A patent does not grant its owner the right to make or market a product. "The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent." *Bloomer v. McQuewan*, 55 U.S. 539, 548 (1852). In order to be awarded a patent, the invention must pass the rigorous tests of being new, useful, and nonobvious. 35 U.S.C. §§ 101, 103. Thus, in exchange for adding to the public store of knowledge, inventors are rewarded a limited period of exclusivity. 35 U.S.C. §§ 154(a)(2), 271(a).

Neither patents, nor trademarks, however, can be equated with monopolies in the economic sense. A monopoly exists when a firm in a defined market is able to control price and output for a specific product or service. "The patent right is but the right to exclude others, the very definition of 'property'. . . . It is but an obfuscation to refer to a patent as 'the patent monopoly' or to describe a patent as an 'exception to the general rule against monopolies.' " *Carl Schenck, A.G. v. Norton Corp.*, 713 F.2d 782, 786 n.3 (Fed. Cir. 1983). Indeed, for most patented inventions, there exist a range of substitutes which prevent the patent owner from exerting exclusive power to control prices or output in any market. In this case, there are at least six competitors to MDI's WindMaster sign stands. Since competitors do not need access to MDI's asserted distinctive features to compete, recognizing MDI's trade dress rights will not confer any monopoly power. To the contrary, assuming the validity of the product identity theory on which trademark law is based, granting MDI exclusive rights in its asserted trade dress will instead benefit consumers.

5. Finally, the Sixth Circuit decision does not improperly extend MDI's patent rights or interfere with the public's right to copy, because MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patent. Instead, even under Petitioner's argument, MDI's "WindMaster" sign stand is merely one embodiment, of many, which falls within the scope of its expired patent claims. The patent claims basically covered a geometric configuration of a sign stand in which the center of gravity of the sign when flexed remained within the "footprint" created by the legs. This geometric configuration prevented the sign stand from tipping and moving in windy conditions. The mathematical formula embodied in the

patents covered all untippable sign stands which had the same center of gravity and foot print relationship regardless of how they looked or were designed. The Ninth Circuit Court of Appeals found the MDI invention to be "unusual and surprising". *Sarkisian v. Winn-Proof Corp.*, 697 F.2d 1313, 1321 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983). Now that the patents have expired, the public is free to practice their beneficial teachings, but they cannot choose a product configuration that is confusingly similar to the trade dress of MDI's WindMaster products. *Elmer v. ICC Fabricating, Inc.*, 67 F.3d 1571, 1580 (Fed. Cir. 1995).

II.

THERE IS NO TRUE CONFLICT BETWEEN THE CIRCUITS AS *VORNADO* DOES NOT STAND FOR THE *PER SE* RULE ASSERTED BY PETITIONER

1. The Tenth Circuit decision in *Vorando Air Circulation, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995) is more of an exception than a conflict with the Sixth Circuit decision or decisions from other Courts of Appeals. As stated by the Federal Circuit:

> Other courts of appeals, both before and after *Bonito Boats*, have followed the lead of the Court of Customs and Patent Appeals in holding that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is or has been, the subject of a patent.

Midwest Industries, 175 F.3d at 1364. The Federal Circuit supported its statement with the following case citations: *Pebble Beach Co. v. Tour 18 Ltd.*, 155 F.3d 526, 548, 549

n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89 (7th Cir. 1998); *Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-15 (8th Cir. 1976); and *Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-07 (9th Cir. 1974).[3] Contrary to the Petitioner's contention, there is no case — not even *Vornado* — that absolutely bars any trade dress protection for subject matter disclosed or covered by an existing or expired utility patent. In fact, the circuits are actually quite uniform in refusing to apply a *per se* rule against trade dress protection in any subject matter disclosed or claimed in a utility patent.

While the Sixth Circuit stated that "a circuit split exists as to whether a utility patent disclosure forecloses trade dress protection," *Vornado*, upon examination, was not intended to be read that broadly. The following passage in *Vornado* is relied upon to support the purported exclusionary rule that creates the perceived circuit split:

> We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention . . . so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

Vornado, 58 F.3d at 1510.

3. Many of the cases cite additional decisions not set forth herein that also support the Federal Circuit's statement.

The *Vornado* court was unwilling to conclude that all product features disclosed in a patent are *per se* beyond the scope of trademark protection. Nevertheless, without defining what is meant by "significant inventive aspect," the court concluded Vornado's asserted trade dress was such a component and, therefore, unprotectable under the Lanham Act. *Id.*

2. The *Vornado* case does not create a conflict with the Sixth Circuit's decision, as it is factually distinguishable. In *Vornado*, Vornado was asserting trade dress rights in the product configuration of a spiral fan grill. Vornado had received a utility patent that claimed a fan having multiple features including the spiral grill. *Id.* at 1500. Vornado admitted that the fan grill itself was already in the public domain as prior art. *Id.*

Duracraft subsequently began selling a fan with a spiral grill in competition with Vornado. Apart from the grill, the Tenth Circuit found that Duracraft's fan "differed significantly from Vornado's fans in its overall configuration." *Id.* at 1501. Thus, the only similar feature was the spiral grill. Vornado sued Duracraft under section 43(a) and asserted that Duracraft was infringing Vornado's protectable trade dress in its grill design. The parties agreed that Duracraft's fan grill design did not infringe Vornado's utility patent. *Id.* The District Court found that while Vornado's grill was functional in a lay sense, its grill design was not legally functional and held that "trade dress protection of nonfunctional product configurations under the Lanham Act was not incompatible with patent law." *Id.* at 1501-02. Duracraft appealed and the Tenth Circuit reversed.

In holding that trade dress protection is not applicable to product configurations that are claimed in and are a "significant inventive aspect of the invention," the Tenth Circuit essentially held that the spiral grill design — which was the totality of Vornado's claimed trade dress — was coextensive with the claim of its utility patent. Even if this rationale were adopted by the Sixth Circuit, it would not compel a different outcome. In fact, as found by the District Court, MDI's trade dress was not disclosed nor literally claimed in its patents. App. 49a. Thus, its trade dress is not coextensive with its expired patents and therefore not a "significant inventive aspect of the invention." Moreover, unlike *Vornado*, there is significant evidence in the present case that competitors could and were practicing the invention claimed in MDI's patents, but were not infringing MDI's trade dress.

3. Legally, the *Vornado* case does not create a conflict with the decisions of other Circuits. As the Federal Circuit noted, "[t]he Tenth Circuit stands alone in holding to the contrary, ruling that trade dress protection is unavailable for a product configuration that is claimed in a patent and is a 'described, significant inventive aspect' of the patented invention, even if the configuration is nonfunctional," *Midwest Industries*, 175 F.3d at 1364. Despite this language and the Sixth Circuit decision stating that a circuit conflict exists, the holding is quite narrow. This is clear from both the language of the *Vornado* case itself as well as other courts' interpretation of *Vornado*.

First, the Tenth Circuit itself clearly did not intend to create an absolute bar. Initially, it agreed with the District Court that product "configurations can simultaneously be patentably useful, novel, and nonobvious and also

nonfunctional, in trade dress parlance." *Vornado*, 58 F.3d at 1506. Further, the Tenth Circuit specifically declined to decide "whether every useful or potentially patentable product configuration is excluded from trade dress protection." *Id.* at 1503. Thus, the Court's holding is narrowly drawn to exclude from trade dress protection only those product configurations that are "part of a claim in a utility patent" and specifically those features that are "a described, significant inventive aspect of the invention." *Id.* at 1510.

In interpreting *Vornado*, the Seventh Circuit stated that "the court did not refuse trademark protection on the basis that there is a blanket prohibition against a feature of an invention disclosed in a patent becoming a trademark." *Thomas & Betts*, 138 F.3d at 288. In fact, the *Thomas & Betts* Court stated that it had not found "any case which holds that any feature of a product somehow disclosed in a patent application cannot receive trademark protection." *Id.* Thus, the Seventh Circuit concluded that there is no circuit split. Similarly, the District Court in this case acknowledged "that trade dress rights can be asserted after a patent has expired," but incorrectly held as a matter of law that this was not such a case. App. 67a. Moreover, other Courts and commentators have criticized *Vornado*.[4] For example, the Eighth Circuit has stated:

4. *See Kransco Mfg., Inc. v. Hayes Specialties Corp.*, 77 F.3d 503, (Fed. Cir. 1996) (finding that "sinuous seam" disclosed in patent diagram could serve as trademark, because it had no functional advantage and was only one of many possible embodiments of claimed invention); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516-17 (9th Cir. 1989) (affirming judgment that product configuration disclosed in expired utility patent was nonfunctional, and therefore potentially subject to trademark protection); Thomas

(Cont'd)

> The decision [in *Vornado*] has been criticized for its narrow definition of functionality which does not take into account the utilitarian definition used by this court. See 1 MCCARTHY ON TRADEMARKS, supra, § 7:68, at 7-134 to 7-136. Therefore, if Vornado had applied this court's traditional trade-dress analysis, any conflict between the patent and trademark laws would have likely been avoided.

Pebble Beach Co. v. Tour 18 Ltd., 155 F.3d 526, 548 n.16 (Fed. Cir. 1998). Thus, any circuit conflict is perceived and not a real conflict justifying the granting of certiorari in this case.

4. To the extent a real conflict existed, it has been resolved by Congress. In *Vornado*, the Court was unable to determine whether Congress intended that the Lanham Act,

(Cont'd)

F. Cotter, *Is This Conflict Really Necessary?; Resolving An Ostensible Conflict Between Patent Law and Federal Trademark*, 3 MARQ. INTELL. PROP. L. REV. 25 (1999); Ruby Ann David, Comment, *Federal Preemption of a Federal Statute: The Case of Vornado Air; Circulation Systems v. Duracraft Corporation*, 37 SANTA CLARA L. REV. 253 (1996); Timothy W. Gordon, Tenth Circuit Survey, Intellectual Property, 73 DENVER U. L. REV. 829 (1996); David W. Opderbeck, *From and Function: Protecting Trade Dress Rights in Product Configurations*, 20 SETON HALL LEGIS. J. 1 (1996); Andrea Falk, Comment, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of Vornado Air Circulation Systems v. Duracraft Corp.*, 21 J. CORP. L. 827 (1996); Michael E. Peters, Note, *When Patent and Trademark Law Hit the Fan: Potential Effects of Vornado Air Circulation Systems, Inc. v. Duracraft Corp. on Legal Protection for Industrial Design*, 15 TEMPLE ENVTL. L. & TECH. J. 123 (1996).

as amended in 1988, to apply to nonfunctional product configurations that were the subject of utility patents. In analyzing the wording of Section 43(a) and its legislative history, the Tenth Circuit stated that "neither the latest revision of the statute nor the wording prior to the 1988 revision makes any mention of product shapes or configurations." Based on this, the Tenth Circuit stated that:

> We cannot conclude that because at the time of the report, "certain nonfunctional configurations of goods" had received trade dress protection, Congress was saying that in the future, all such configurations should. As of 1988, when the Senate report made its observation, we are unaware of any legal precedents upholding protection for those nonfunctional configurations covered by utility patents.

Vornado, 58 F.3d at 1506.

Any conflict — whether perceived or real — is now moot in view of the passage of recent federal legislation. On August 5, 1999, President Clinton signed into law the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, which amends Section 43(a) of the Trademark Act of 1946 (15 U.S.C. § 1125(a)) by adding at the end of that statute the following:

> (3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

A review of the legislative history of Pub. L. No. 106-43, 113 Stat. 218 clearly shows that Congress amended Section 43(a) to address the concerns of the trademark and patent laws when trade dress is asserted in a product configuration that is, or has been, the subject of a patent. The pertinent portion of the legislative history is set forth above. In sum, Congress stated that the functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws. The existence of a utility patent is merely a factor that can be considered in determining this issue, it is not determinative.

5. Finally, the Supreme Court has already tacitly recognized that there is no real conflict — or at least the type of conflict worth considering — on this issue. In this regard, in each of the cases decided since *Vornado* that have petitioned this Court for a grant of certiorari, the Court has denied each petition. For the same reasons, the Court should deny the Petition in this case.

CONCLUSION

For the foregoing reasons, the Petition for a writ of certiorari should be denied.

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Supreme Court, U.S.
FILED
MAY 30 2000
CLERK

(3)

No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF FOR PETITIONER

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IN THE

Supreme Court of the United States

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Respondent.

REPLY BRIEF FOR PETITIONER

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1. The opposition calls to mind the fable about the Emperor who had no clothes.[1] The circuit conflict on the question presented is about as plain as the Emperor's state of undress. The Sixth Circuit expressly recognized the conflict below, Pet. App. at 18a; the Federal Circuit has recently done so, *Midwest Indus., Inc.*, v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1364 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999); and numerous commentators have recognized and called for resolution of this conflict, too, *see* Pet. at 18 n.9. They are not all making it up. Like the townspeople in the fable, respondent pretends not to see the conflict. But there is no reason for this Court to join in the charade.

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[1] The story is reprinted in *United States* v. *Harrington*, 947 F.2d 956, 963-964 (D.C. Cir. 1991) (Edwards, J., concurring) (quoting Hans Christian Andersen, *The Emperor's New Clothes*).

2. We detailed the entrenched nature of this conflict in the petition (pp. 9-18). Respondent ignores most of this discussion and, instead, focuses on the Tenth Circuit decision in *Vornado Air Circulation Systems, Inc.* v. *Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), arguing that, "factually," "[t]he *Vornado* case does not create a conflict with the Sixth Circuit's decision," and that, "[l]egally, the *Vornado* case does not create a conflict with the decisions of other Circuits." Opp. at 14, 15. Respondent is wrong on both counts.

a. The conflict between this case and *Vornado* could scarcely be more clear. Under *Vornado*, "where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, * * * patent law prevents its protection as trade dress." 58 F.3d at 1510. That was true of the key spiral vane structure of the product in *Vornado*, *see id.*, and it is true of the key dual-spring structure of the product here.[2] Citing the District Court, respondent argues that the alleged "trade dress is not coextensive with [the] expired patents and therefore not a 'significant inventive aspect of the invention.'" Opp. at 15. The patent history of the WINDMASTER sign stand refutes this argument; it makes clear that the dual-spring design is a significant, if not defining, component of the product. *See* Pet. at 5. So does the very passage of the District Court decision cited by respondent.

[2] Respondent suggests (Opp. at 14) that *Vornado* is also distinguishable in that the products in that case purportedly differed in overall appearance. The district court in *Vornado*, however, specifically "found that consumers were likely to be confused by [the defendant's] use of a similar grill." 58 F.3d at 1502. More fundamentally, as the Tenth Circuit decision in *Vornado* underscores, likelihood of confusion is a trademark concept that is simply irrelevant where, as in *Vornado* and here, the public's right to copy from an expired patent has attached.

As the District Court explained, the fact that respondent successfully enforced its patents in the *Winn-Proof* litigation to "enjoin[] the manufacture of a product configuration virtually identical to that being alleged to constitute trade dress in the instant case," Pet. App. at 49a, removes all doubt that the asserted trade dress is bound up with those (now expired) patents, and that the patented invention is a significant inventive component of the product at issue. In this respect, this case presents the *Vornado* issue in its starkest terms. The trade dress plaintiff has previously invoked the patent laws to bar the sale of the "virtually identical" product made by the defendant; the only question is whether—now that petitioner's patent protection has lapsed—petitioner may achieve that same result via trademark law. *Vornado* squarely answers that question in the negative.

b. Respondent's argument that—"[l]egally"—*Vornado* does not "conflict with the decisions of other Circuits" is baffling. Opp. at 15. Practically everyone—courts, commentators, and practitioners—has acknowledged this conflict. *See* Pet. at 9-18 & n.9. Just recently, moreover, the court in *Holmes Group, Inc.* v. *Vornado Air Circulation Systems, Inc.*, __ F. Supp. 2d __, 2000 WL 432832, at *4 (D. Kan. Mar. 8, 2000), *appeal dismissed*, 2000 WL 436562 (Fed. Cir. Apr. 5, 2000), reiterated that there is a "clear conflict in the substantive law of the circuits" on the question presented. *See also id.* at *3 ("the Federal Circuit [has] expressly rejected the Tenth Circuit's *Vornado I* holding, ruling instead that a claim for trade dress protection was not barred by the fact that a product configuration had been claimed as a significant inventive element of a patent").[3] Few cases, in fact, implicate the sort of express conflict presented here.

[3] The court in *Holmes Group*—following *Vornado*—held that the plaintiff was entitled to a declaration that its products do not infringe any trade dress rights claimed by Vornado, a competitor which unsuccessfully asserted trade dress in the same products in the *Vornado* litigation against

The conflict cannot be dismissed on the notion that *Vornado* is "narrow." Opp. at 15. The Tenth Circuit decision in *Vornado* is framed in broad and generally applicable terms, seeking to resolve—in one circuit at least—the recurring controversy over the interplay between the patent and trademark laws in this important area of law. *See* 58 F.3d at 1510. It has attracted extensive academic commentary. *See* Pet. at 28 n.15; Opp. at 16-17 n.4. And in the lower courts, *Vornado* not only has become a focal point in analyzing the question presented, but has had a touchstone effect on the availability of federal trade dress protection in this context. *See* Pet. at 12-15 & n.8; note 3, *supra*. Indeed, considering the case law and commentary that has followed in its wake, it is no exaggeration to say that *Vornado* has lived up to its name. *See Vornado*, 58 F.3d at 1501 n.6 ("The name 'Vornado' is a combination of the words 'vortex' and 'tornado.'").[4]

Similarly, that some "Courts and commentators have criticized *Vornado*" (Opp. at 16) does not mean that this Court should allow the conflict to persist. To begin with, courts and commentators have commended *Vornado*, too.[5] More-

another company. *See* __ F. Supp. 2d __, 2000 WL 43282, at *1-*2, *5. Among other things, this decision removes any doubt as to the continuing effect of *Vornado* in the Tenth Circuit.

[4] Respondent makes much ado over whether *Vornado* establishes a "per se rule." Opp. at 13-14. To be clear, that description originated with the Sixth Circuit, not the petition. *See* Pet. App. at 19a. In any event, whether the *Vornado* rule precludes federal trade dress protection for the subject of an expired patent in all, virtually all, or just *most* cases, it directly conflicts with the position adopted by other circuits, under which trade dress protection invariably remains available for such a product.

[5] The district courts in the *Thomas & Betts Corp.* and *Midwest Industries* cases embraced and applied the *Vornado* rule in denying federal trade dress protection for the subject of an expired patent, as did the *Holmes Group* court. *See* Pet. at 12, 15; note 3, *supra*. *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996), also followed the basic rationale of *Vornado*. While debating aspects of the *Vornado* rule,

over, while *Vornado* currently occupies a minority position in the circuits, it has already had a demonstrable effect on trade dress litigation across the country. *See* note 5, *supra*. At the same time, as we have explained, the *Vornado* rule better accords with this Court's own decisions protecting the public's right to copy from expired patents—meaning that it offers the added virtue of being correct. *See* Pet. at 19-26. All this, too, has enormous practical consequences that counsel against waiting for the conflict to deepen any further. *See* Geremia, *supra*, at 782 (the conflict has "shrouded the right to copy from expired utility patents in considerable uncertainty" and "subject[ed] a patentee's competitors to the threat of unpredictable trade dress litigation").

c. Congress has not resolved the conflict. For the first time in this case, respondent suggests that the question presented was resolved by an amendment to Section 43(a) of the Lanham Act adding the following subsection:

> (3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional. [15 U.S.C. § 1125(a)(3).]

numerous commentators have argued in favor a bright-line rule—analogous to *Vornado*'s—precluding trade dress protection for configurations that are the subject of expired patents. *See, e.g.*, Gwendolyn Gill, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. Cin. L. Rev. 1269 (1999); Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779 (1998); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339 (1997); Kerrie A. Laba, *Have Trade Dress Infringement Claims Gone Too Far Under the Lanham Act?*, 42 Wayne L. Rev. 1649 (1996); *cf.* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:89, at 7-227 (4th ed. 1996) (*Vornado*'s "result is correct").

As is plain on its face, this provision merely assigns to plaintiffs the burden of proving functionality in civil trade dress actions, a burden respondent (as plaintiff) bore in this case. *See* Pet. App. at 17a. It does not speak at all to the question presented here, or the conflict underlying it.[6]

As the Tenth Circuit explained in *Vornado*, moreover, "the functionality doctrine does *not* eliminate overlap between the Patent Act and the Lanham Act." 58 F.3d at 1507 (emphasis added). As a result, the courts "must interpret and apply [the two statutes] in a way that preserves the purposes of both and fosters harmony between them." *Id.* *See* Pet. at 10, 12 & n.7. Courts have struggled to do just that, producing conflicting results on the question presented. Neither Section 43 nor the recent amendment to it addresses—let alone resolves—that conflict. That is why guidance is so sorely needed from this Court and, presumably, why neither the Sixth Circuit below nor the court in *Holmes Group*—both of which expressly acknowledged the circuit conflict *after Section 43(a)(3) became law*—felt any need to mention this provision.[7]

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[6] *See Trademark Amendments Act of 1999: Hearing on H.R. 1565 Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary*, 106th Cong. 34 (1999) (this amendment "addresses only *one* of a myriad issues surrounding the protection of trade dress, namely, which party to a trade dress infringement action bears the burden of proving functionality") (statement of Michael Kirk, Exec. Dir. of American Intellectual Property Law Association) (emphasis added). Nothing in the legislative history quoted by respondent (Opp. at 7-8) is to the contrary. Respondent argues that it indicates that Congress intended to establish "that the functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws." *Id.* at 19; *see id.* at 5, 7. Neither the committee report nor the statute, however, supports this reading or resolves the conflict.

[7] Merely saying that the functionality doctrine applies also does nothing to alleviate the conflict over what weight to assign to the existence of an expired patent in conducting that analysis. The Sixth Circuit below held that courts should conduct "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the existence of an expired patent, Pet. App. at 19a (emphasis added); the Seventh Circuit takes the position that "the fact that a feature sought to be trademarked was contained in an expired patent is *some evidence* of functionality," *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.2d 277, 289 (7th Cir.) (emphasis added; quotations omitted), *cert. denied*, 119 S. Ct. 336 (1998); while in the Ninth Circuit "the existence of an expired utility patent is *weighty evidence* of functionality." *Disc Golf Ass'n* v. *Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) (emphasis added). As we have explained (Pet. at 17), this conflict is itself outcome determinative in this case.

In short, the suggestion that Section 43(a)(3) resolves the circuit conflict on the question presented is about as fanciful as the notion that this conflict does not exist in the first place.

3. As we have explained (Pet. at 19-26), the decision below—along with the majority position in the circuits—also conflicts with the nearly 100-year-old line of decisions from this Court establishing and, when necessary, protecting the public's right to copy from expired patents. In response, respondent belittles this—in its words—"so-called 'right to copy,'" Opp. at 5, and attempts to narrow this Court's precedents to the point where the right is reduced to just that. This Court, however, has repeatedly seen fit to review backdoor attempts to defeat the public's right to copy from expired patents, *see* Pet. at 19-26, and it should grant review here to ensure that the federal law of trade dress does not swallow this time-honored right.

This Court has long held that "on the termination of the patent there passes to the public the right to make the [product] in the *form* in which it was constructed during the patent." *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938) (emphasis added; quotation omitted). The Court reaffirmed that right in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 230 (1964) (emphasis added): "when the patent expires the monopoly created by it expires, too, and the right to make the article—*including the right to make it in*

precisely the shape it carried when patented—passes to the public." And the Court has "held that the patentee may not * * * secure, *to any extent*, a continuation of his monopoly by resorting to the trademark law." *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945) (emphasis added). *See id.* ("any attempted * * * continuation in the patentee * * * of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent law") (emphasis added).

Respondent argues that these cases are distinguishable and, more particularly, that the right to copy that this Court has taken such pains to protect extends "only" as far as "federal statutory" law permits it. Opp. at 4. The plaintiff in *Vornado* made essentially the same argument, but to no avail. *See* 58 F.3d at 1505. While the Tenth Circuit observed that it is possible "to identify distinctions" with this Court's right to copy decisions—including that the decisions do not directly address the conflict between patent law and "federal unfair competition law under section 43(a) of the Lanham Act"—the court of appeals refused "to ignore the clear and continuing trend [these decisions] collectively manifest in favor of the public's right to copy." *Id.* at 1505.

In addressing an analogous effort "to distinguish the entire line of Supreme Court authority articulating a constitutional policy favoring a right to copy," Judge Cudahy was even more emphatic:

> I do not agree that one hundred years of [constitutional] policy can be ignored merely because the Lanham Act may differ somewhat from the state laws considered by the Court. The *conflict* posed by these state laws and the Lanham Act remains the same: whether trademark can be used as a backdoor to protection properly acquired by * * * patent. [*Kohler Co.* v. *Moen, Inc.*, 12 F.3d 632, 647 n.3 (7th Cir. 1993) (dissenting) (emphasis in original).]

There is a basic reason, moreover, why this entire line of decisions may not simply be tossed aside on the ground that these cases typically involved conflicts with state law: the right to copy is not just "essential to the successful long-term operation of a free and competitive economy," it is "constitutionally grounded" in the "'limited Times' provision of the Patent Clause." *Id.* at 651; *see id.* at 647 ("As the Supreme Court cases demonstrate, the constitutional right to copy after a patent expires * * * is the reciprocal of the constitutional right to prohibit copying for a limited term under the Patent Clause."); Pet. at 24-25. Thus, even if it wanted to, "Congress may not create patent monopolies of unlimited duration," *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989)—and, it follows, courts may not interpret federal statutes to have that effect either.

Respondent suggests that "the Sixth Circuit decision does not improperly extend MDI's patent rights or interfere with the public's right to copy, because MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patents." Opp. at 11. But here again, respondent asks this Court to ignore reality. In the *Winn-Proof* litigation, respondent invoked its patent monopoly to enjoin the sale of the "virtually identical" sign stand manufactured by petitioner, successfully arguing that the claims in the now expired patents covered that product. Pet. App. at 49a. The decision below invokes federal trade dress law to achieve the same result—effectively extending respondent's patent monopoly *ad infinitum*, in direct conflict with "almost 100 years" of decisions from this Court upholding the right to copy against analogous interpretations of unfair competition laws. *Bonito Boats*, 489 U.S. at 165.

4. Even respondent does not dispute the overriding importance of the question presented. Economically, the issue is of vital importance. *See Bonito Boats*, 489 U.S. at 146 ("[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a

competitive economy."). Doctrinally, the issue is unquestionably important, as reflected by the extensive commentary it has attracted. *See* Pet. at 18 n.9, 28 n.15. And practically, trade dress litigation over product configurations that are the subject of expired patents is "becoming more common," and will only "increase" with the expansion of trade dress. Mohr, *supra*, at 345 & n.17; *see* Pet. at 2-3 n.1. The cases to which respondent points (Opp. at 4) in which this Court has denied certiorari only underscore that the issue is recurring. The conflict and confusion over this important issue, in other words, is not going away. It is only worsening.

* * * *

For the foregoing reasons, and those in the petition, the petition for a writ of certiorari should be granted.

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FILED
AUG 24 2000
CLERK

(13)

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JOINT APPENDIX
(Volume I of II)

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PETITION FOR CERTIORARI FILED MARCH 27, 2000
CERTIORARI GRANTED JUNE 26, 2000

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The appendix to the petition for certiorari contains the following material which is omitted from the Joint Appendix:

Appendix A:

Opinion of the Court of Appeals, dated December 29, 1999 ..... 1a

Appendix B:

Opinion and Order of the District Court, dated June 12, 1997 ..... 25a

Appendix C:

Order of the District Court, dated July 9, 1997 ..... 58a

Appendix D:

Opinion and Order of the District Court, dated June 2, 1997 ..... 68a

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 97-1148

MARKETING DISPLAYS, INCORPORATED
Plaintiff-Appellee
Cross-Appellant,

v.

TRAFFIX DEVICES, INCORPORATED
Defendant-Appellant
Cross-Appellee.

DOCKET ENTRIES

DATE	FILINGS - PROCEEDINGS
2/11/97	Civil Case Docketed. Notice filed by counsel for appellant Traffix Devices. Transcript needed: n (stb) [97-1148]
1/26/98	FIRST PROOF BRIEF filed by Jeanne-Marie Marshall for Appellant Cross-Appellees Traffix Devices, Certificate of Service date 1/21/98. Number of Pages: 45. [97-1148, 97-2096, 97-2097] (eim) [97-1148 97-2096 97-2097]
3/26/98	BRIEF TENDERED. Received from John S. Artz for Appellee Cross-Appellant Marketing in 97-1148 [97-1148, 97-2096, 97-2097] Copies: 2. Certificate of Service date 3/23/98 Motion for leave to file to file brief in excess of fifty pages pending with case manager. (eim) [97-1148 97-2096 97-2097]

11/20/98	PROOF BRIEF filed by John S. Artz and John A. Artz (Lead Counsel) for Appellee Cross-Appellants Marketing. Copies: 1. Certificate of Service date 11/17/98 . Number of Pages: 50. [97-1148, 97-2096, 97-2097] O (eim) [97-1148 97-2096 97-2097]
1/12/99	PROOF BRIEF filed by Jeanne-Marie Marshall (Lead) and Richard W. Hoffmann (co-counsel) for Appellant Cross-Appellee Traffix Devices. Certificate of service date 1/7/99. Number of Pages: 49. [97-1148, 97-2096, 97-2097] O (eim) [97-1148 97-2096 97-2097]
1/20/99	CERTIFIED RECORD filed. Volumes include 07 Sealed; 02 Tr; 10 Pl. [97-2097, 97-1148, 97-2096[(rgf) [97-1148 97-2096 97-2097]
1/22/99	PROOF BRIEF filed by John S. Artz and John A. Artz (Lead) for Appellee Cross-Appellant Marketing. Certificate of service date 1/21/99. Number of Pages: 25. [97-1148, 97-2096, 97-2097] 97-2097] (eim) [97-1148 97-2096 97-2097]
2/8/99	Corrected fourth proof brief filed by John S. Artz and John A. Artz (lead). Copies: 1. Certificate of Service date 2/5/99. Number of pages: 25. [97-1148, 97-2096, 97-2097] (THIS PROOF BRIEF REPLACES PROOF BRIEF FILED 1/22/99) (eim) [97-1148 97-2096 97-2097]
2/18/99	APPENDIX filed by Jeanne-Marie Marshall for Appellant Cross-Appellee Traffix Devices. Copies: 5; 4 vols (Vol 4 contains (REs 32, 70, 80 and 107. Items 32.80 and 107 were filed under seal in the district court and RE 70 is confidential). Certificate of service date 2/18/99 [97-1148, 97-2096, 97-2097] (eim) [97-1148 97-2096 97-2097]
2/26/99	FINAL BRIEF filed by John A. Artz for Appellee Cross-Appellant Marketing in 97-1148, John A. Artz

	for Appellee Cross-Appellant Marketing in 97-2096, John A. Artz for Appellee Cross-Appellant Marketing in 97-2097. Copies: 7 Certificate of service date 2/25/99. Number of Pages: 50. [97-1148, 97-2096, 97-2097] (ert) [97-1148 97-2096 97-2097]
2/26/99	FINAL BRIEF filed by John A. Artz for Appellee Cross-Appellant Marketing in 97-1148, John A. Artz for Appellee Cross-Appellant Marketing in 97-2096, John A. Artz for Appellee Cross-Appellant Marketing in 97-2097. Copies: 7. Certificate of service date 2/25/99 . Number of Pages: 26. [97-1148, 97-2096, 97-2097] (ert) [97-1148 97-2096 97-2097]
3/11/99	FINAL BRIEF filed by Richard W. Hoffmann, Jeanne-Marie Marshall for Appellant Cross-Appellee Traffix Devices Copies: 7. Certificate of Service date 3/10/99 . Number of Pages: 46. [97-1148, 97-2096, 97-2097] (eim) [97-1148 97-2096 97-2097]
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9/21/99	CAUSE ARGUED on 9/21/99 by Jeanne-Marie Marshall for Appellant Cross-Appellee Traffix Devices in 97-1148/2096/2097, Irwin Alterman for Appellant Cross-Appellee Traffix Devices in 97-1148/2096/2097, John A. Artz for Appellee Cross-Appellant Marketing in 97-1148/2096/2097, before Judges Boggs, Daughtrey, McKinley. [97-1148, 97-2096, 97-2097 (me) [97-1148 97-2096 97-2097]
12/29/99	OPINION filed : AFFIRMED in part REVERSED in part and REMANDED for further proceedings. Decision for publication pursuant to local rule 206. [97-1148, 97-2096, 97-2097] Danny J. Boggs,

	Authoring Judge, Martha C. Daughtrey, Circuit Judge, Joseph H. McKinley, District Judge. (stb) [97-1148 97-2096 97-2097]
12/29/99	JUDGMENT : AFFIRMED in part REVERSED in part and REMANDED for further proceedings. (stb) [97-1148 97-2096 97-2097]
1/20/00	MANDATE ISSUED with no cost taxed [97-1148, 97-2096, 97-2097] (stb) [97-1148 97-2096 97-2097]
2/2/00	CERTIFIED RECORD RETURNED to lower court at the end of appellate proceedings. [97-1148, 97-2096, 97-2097] Volumes included: 7 Sealed; 10 Pl; 2 Tr; (stb) [97-1148 97-2096 97-2097]
2/28/00	Record acknowledgment received from the district court. Acknowledged by: Durene Woret. Acknowledgment date: 02/17/00. [97-1148] (j c) [97-1148]
4/10/00	U.S. Supreme Court notice filed regarding petition for writ of certiorari filed by Appellant Cross-Appellee Traffix Devices . Filed in the Supreme Court on 03-27-00 , Supreme Ct. case number: 99-1571 . [97-1148] (swh) [97-1148]. (swh) [97-1148]
7/6/00	U.S. Supreme Court letter filed granting petition for writ of certiorari [2131454-1] filed by TrafFix Devices [97-1148] Filed in the Supreme Court on 06-26-00. (swh) [97-1148]

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 97-2096

MARKETING DISPLAYS, INCORPORATED
Plaintiff-Appellee
Cross-Appellant,

v.

TRAFFIX DEVICES, INCORPORATED
Defendant-Appellant
Cross-Appellee.

DOCKET ENTRIES

DATE	FILINGS - PROCEEDINGS
10/22/97	Civil Case Docketed. Notice filed by Appellant Cross-Appellee Traffix Devices. Transcript needed: n (stb)
1/26/98	FIRST PROOF BRIEF filed by Jeanne-Marie Marshall for Appellant Cross-Appellees Traffix Devices, Certificate of Service date 1/21/98. Number of Pages: 45. [97-1148, 97-2096, 97-2097] (eim) [97-1148 97-2096 97-2097]
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1/22/99	PROOF BRIEF filed by John S. Artz and John A. Artz (Lead) for Appellee Cross-Appellant Marketing. Certificate of service date 1/21/99. Number of Pages: 25. [97-1148, 97-2096, 97-2097] 97-2097] (eim) [97-1148 97-2096 97-2097]
1/22/99	BRIEFING LETTER SENT requesting brief corrections from John S. Artz and John A. Artz (Lead) because footnotes type is too small, must be same size as text of brief. Corrections due: 2/10/99. Resetting cross appeal briefing schedule: appendix due 2/18/99; first final brief now due 3/11/99; second final brief now due

	3/11/99; third final brief now due 3/11/99; fourth final brief now due 3/11/99 . (eim) [97-1148 97-2096 97-2097]
2/8/99	Corrected fourth proof brief filed by John S. Artz and John A. Artz (lead). Copies: 1. Certificate of Service date 2/5/99. Number of pages: 25. [97-1148, 97-2096, 97-2097] (THIS PROOF BRIEF REPLACES PROOF BRIEF FILED 1/22/99) (eim) [97-1148 97-2096 97-2097]
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3/11/99	FINAL BRIEF filed by Richard W. Hoffmann, Jeanne-Marie Marshall for Appellant Cross-Appellee Traffix Devices Copies: 7. Certificate of Service date 3/10/99 . Number of Pages: 46. [97-1148, 97-2096, 97-2097] (eim) [97-1148 97-2096 97-2097]
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	McKinley, District Judge. (stb) [97-1148 97-2096 97-2097]
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4/10/00	U.S. Supreme Court notice filed regarding petition for writ of certiorari filed by Appellant Cross-Appellee Traffix Devices. Filed in the Supreme Court on 03-27-00, Supreme Ct. case number: 99-1571. [97-2096] (swh) [97-2096]
7/6/00	U.S. Supreme Court letter filed granting petition for writ of certiorari [2131455-1] filed by TrafFix Devices [97-2096] Filed in the Supreme Court on 06-26-00 . (swh) [97-2096]

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

No. 97-2097

MARKETING DISPLAYS, INCORPORATED
Plaintiff-Appellee
Cross Appellant,

v.

TRAFFIX DEVICES, INCORPORATED
Defendant-Appellant
Cross-Appellee.

DOCKET ENTRIES

DATE	FILINGS-PROCEEDINGS
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2/8/99	Corrected fourth proof brief filed by John S. Artz and John A. Artz (lead). Copies: 1. Certificate of Service date 2/5/99. Number of pages: 25. [97-1148, 97-2096, 97-2097] (THIS PROOF BRIEF REPLACES PROOF BRIEF FILED 1/22/99) (eim) [97-1148 97-2096 97-2097]
2/18/99	APPENDIX filed by Jeanne-Marie Marshall for Appellant Cross-Appellee Traffix Devices. Copies: 5; 4 vols (Vol

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2/26/99	FINAL BRIEF filed by John A. Artz for Appellee Cross-Appellant Marketing in 97-1148, John A. Artz for Appellee Cross-Appellant Marketing in 97-2096, John A. Artz for Appellee Cross-Appellant Marketing in 97-2097 . Copies: 7 Certificate of service date 2/25/99 . Number of Pages: 50. [97-1148, 97-2096, 97-2097] (ert) [97-1148 97-2096 97-2097]
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4/10/00	U.S. Supreme Court notice filed regarding

	petition for writ of certiorari filed by Appellant Cross-Appellee Traffix Devices . Filed in the Supreme Court on 03-27-00 , Supreme Ct. case number: 99-1571 . [97-2097] (swh) [97-2097]
7/6/00	U.S. Supreme Court letter filed granting petition for writ of certiorari [2131456-1] filed by Traffix Devices [97-2097] Filed in the Supreme Court on 06-26-00 . (swh) [97-2097]

U.S. DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN (FLINT)

CIVIL DOCKET FOR CASE #: 95-CV-40230

MARKETING DISPLAYS, INCORPORATED
Plaintiff

v.

TRAFFIX DEVICES, INCORPORATED
Defendant

DOCKET ENTRIES

DATE	NO.	PROCEEDINGS
7/11/95	1	COMPLAINT; jury demand - Receipt # 318205 - Date Fee Received: 7/11/95 (1144) [Entry date 07/17/95]
9/7/95	2	ORDER by Judge Paul V. Gadola, dismissing Count III without prejudice (1016) [Entry date 09/12/95]
1/19/96	6	ANSWER by defendant TrafFix Devices Inc to complaint [1-1] with proof of mailing (1016) [Entry date 01/29/96]
1/19/96	6	AFFIRMATIVE defenses by defendant TrafFix Devices Inc with proof of mailing (1016) [Entry date 01/29/96]
8/1/96	10	Stipulated PROTECTIVE order by Judge Paul V. Gadola regarding the exchange of information deemed confidential by the parties (1144) [Entry date 08/07/96]

8/21/96	13	AMENDED complaint 1 by plaintiff Mkt Displays Inc; jury demand; NSI (1144) [Entry date 08/26/96]
9/30/96	17	ANSWER by defendant TrafFix Devices Inc to amended complaint by Mkt Displays Inc [13-1]; jury demand (1144) [Entry date 10/07/96]
9/30/96	17	AFFIRMATIVE defenses by defendant TrafFix Devices Inc (1144) [Entry date 10/07/96]
9/30/96	17	COUNTERCLAIM by defendant TrafFix Devices Inc against plaintiff Mkt Displays Inc; jury demand (1144) [Entry date 10/07/96]
10/16/96	24	MOTION by plaintiff Mkt Displays Inc for summary judgment with brief, exhibits A through J and proof of mailing (1144) [Entry date 10/23/96]
10/30/96	28	ANSWER by plaintiff Mkt Displays Inc, counter-defendant Mkt Displays Inc to counter claim by TrafFix Devices Inc [17-1] (1144) [Entry date 11/08/96]
10/30/96	29	MOTION by plaintiff Mkt Displays Inc, counter-defendant Mkt Displays Inc to dismiss second counterclaim, or for summary judgment with brief, exhibits A through J and proof of mailing (1144) [Entry date 11/08/96]
11/12/96	31	RESPONSE by defendant TrafFix Devices Inc to motion for summary judgment that Defendant's trademark "windbuster" infringes MDI's trademark "windmaster" by Mkt Displays Inc [24-1] with proof of mailing (1016) [Entry date 11/18/96]

11/12/96	32	APPENDIX by defendant TrafFix Devices Inc to motion response by TrafFix Devices Inc [31-1] (1016) [Entry date 11/18/96]
11/12/96	33	CONFIDENTIAL EXHIBIT A filed by defendant TrafFix Devices Inc to Traffix's brief in opposition to MDI's motion for summary judgment that Defendant's trademark "windbuster" infringes MDI's trademark "windmaster" (filed in sealed envelope) (1016) [Entry date 11/18/96]
11/27/96	34	DECLARATION by Jack Kulp on behalf of defendant TrafFix Devices Inc with attachments (pm) [Entry date 12/03/96]
11/27/96	35	REPLY by plaintiff Mkt Displays Inc to response to motion for summary judgment by Mkt Displays Inc, that Defendant's trademark "windbuster" infringes MDI's trademark "windmaster" [29-2] with attachments and proof of mailing (pm) [Entry date 12/03/96]
11/27/96	36	RESPONSE by defendant TrafFix Devices Inc to motion to dismiss second counterclaim by Mkt Displays Inc, Mkt Displays Inc [29-1], motion for summary judgment by Mkt Displays Inc, Mkt Displays Inc [29-2] with proof of mailing (pm) [Entry date 12/03/96]
12/5/96	39	DECLARATION by Ron Lunt on behalf of plaintiff Mkt Displays Inc (copy) (pm) [Entry date 12/10/96]

12/12/96	41	REPLY by plaintiff Mkt Displays Inc to response to motion to dismiss second counterclaim by Mkt Displays Inc, Mkt Displays Inc [29-1], motion for summary judgment by Mkt Displays Inc, Mkt Displays Inc [29-2] with exhibits A through E and proof of mailing (th) [Entry date 12/17/96]
1/13/97	44	MEMORANDUM opinion and order by Judge Paul V. Gadola denying motion for Rule 11 sanctions by Mkt Displays Inc motion to dismiss Count II of defendant's counterclaim by Mkt Displays Inc, Mkt Displays Inc [29-1], granting motion for summary judgment by Mkt Displays Inc, Mkt Displays Inc on Count I of its amended complaint, Traffix Devices, Inc. is immediately and permanently enjoined from using the mark "Windbuster" (pm) [Entry date 01/16/97]
1/13/97	45	PARTIAL judgment by Judge Paul V. Gadola for Mkt Displays Inc against TrafFix Devices Inc as to Count I of its August 21, 1996 amended complaint, that Defendant Traffix Devices, Inc. take nothing on Count II of its 9/30/96 counterclaim, and that Defendant is immediately and permanently enjoined from using the mark "Windbuster" (pm) [Entry date 01/16/97] [Edit date 02/04/97]
1/27/97	49	APPEAL by defendant TrafFix Devices Inc of order [44-1] to USCA - Fee: paid - Receipt #338820 (h) [Entry date 02/04/97]
1/31/97	51	AMENDED partial judgment entered by Judge Paul V. Gadola (th) [Entry date 02/04/97]

2/4/97	52	CERTIFIED copy of appeal notice by TrafFix Devices Inc [49-1] and docket transmitted to USCA (th)
2/18/97	64	ACKNOWLEDGEMENT from USCA of receipt of appeal notice by TrafFix Devices Inc [49-1] - appeal case # 97-1148 (th) [Entry date 02/21/97]
2/28/97	69	MOTION by plaintiff Mkt Displays Inc for summary judgment that Defendant's dual spring-mounted sign stands infringe MDI's trade dress rights with proof of mailing (pm) [Entry date 03/05/97]
2/28/97	70	MEMORANDUM by plaintiff Mkt Displays Inc in support of motion for summary judgment that Defendant's dual spring-mounted sign stands infringe MDI's trade dress rights with attachments [69-1] (pm) [Entry date 03/05/97]
2/28/97	71	MOTION by defendant TrafFix Devices Inc for summary judgment with brief and exhibits A through N (th) [Entry date 03/05/97]
3/28/97	78	RESPONSE by plaintiff Mkt Displays Inc to motion for summary judgment by TrafFix Devices Inc [71-1] with exhibits A through Y and proof of mailing (th) [Entry date 04/03/97]
3/28/97	79	RESPONSE Brief by defendant TrafFix Devices Inc to motion for summary judgment that Defendant's dual spring-mounted sign stands infringe MDI's trade dress rights by Mkt Displays Inc [69-1] with proof of mailing (th) [Entry date 04/03/97]

3/28/97	80	EXHIBITS F3, J and N filed by defendant TrafFix Devices Inc (filed under seal) in support of brief in opposition to plaintiff's motion for summary judgment that defendant's dual spring mounted sign stands infringe MDI's trade dress (th) [Entry date 04/03/97]
3/28/97	81	APPENDIX by defendant TrafFix Devices Inc to motion response by TrafFix Devices Inc [79-1] with exhibits A through V (th) [Entry date 04/03/97]
4/4/97	85	REPLY by defendant TrafFix Devices Inc to response to motion for summary judgment by TrafFix Devices Inc [71-1] with exhibits A through E and proof of mailing (th) [Entry date 04/15/97]
4/10/97	88	REPLY by plaintiff Mkt Displays Inc to response to motion for summary judgment that Defendant's dual spring-mounted sign stands infringe MDI's trade dress rights by Mkt Displays Inc [69-1] with proof of mailing (th) [Entry date 04/15/97]
6/2/97	97	Amended MEMORANDUM opinion and order by Judge Paul V. Gadola denying motion for Rule li sanctions by Mkt Displays Inc [40-1], granting motion to dismiss second counterclaim by Mkt Displays Inc, Mkt Displays Inc [29-1], granting motion for summary judgment by Mkt Displays Inc, Mkt Displays Inc [29-2], granting motion for summary judgment by Mkt Displays Inc [24-1] (th) [Entry date 06/12/97] [Edit date 06/12/97]

6/12/97	102	PARTIAL judgment by Judge Paul V. Gadola for TrafFix Devices Inc against Mkt Displays Inc (th) [Entry date 06/18/97)
6/12/97	103	MEMORANDUM opinion and order by Judge Paul V. Gadola granting motion for summary judgment by TrafFix Devices Inc [71-1], denying motion for summary judgment that Defendant's dual spring-mounted sign stands infringe MDI's trade dress rights by Mkt Displays Inc [69-1] (th) [Entry date 06/18/97]
6/24/97	106	Motion by plaintiff Mkt Displays Inc for reconsideration of order [103-17], partial judgment [102-1] with proof of mailing (pm) [Entry date 07/01/97]
6/24/97	107	MEMORANDUM by plaintiff Mkt Displays Inc in support of motion for reconsideration of order [103-1], partial judgment [102-1] [106-1] (filed in sealed package) (pm) [Entry date 07/01/97]
7/8/97	110	STIPULATED ORDER by Judge Paul V. Gadola that Traffix Devices Inc's counterclaim count I is dismissed without prejudice (th) [Entry date 07/17/97]
7/9/97	111	ORDER by Judge Paul V. Gadola denying motion for reconsideration of order [103-1], partial judgment [102-1] by Mkt Displays Inc [106-1] (th) [Entry date 07/17/97]
7/25/97	114	MOTION by plaintiff Mkt Displays Inc for an order certifying the court's June 10, 1997 order for interlocutory appeal with brief & proof of mailing (th) [Entry date 08/06/97] [Edit date 08/06/97]

7/30/97	115	MOTION by defendant TrafFix Devices Inc for certification of plaintiff's trade dress claim and Traffix's antitrust claim as final for purposes of appeal with brief, attachments and proof of mailing (th) [Entry date 08/18/97]
9/11/97	119	ORDER by Judge Paul V. Gadola granting motion for certification of plaintiff's trade dress claim and Traffix's antitrust claim as final for purposes of appeal by TrafFix Devices Inc [115-1], granting motion for an order certifying the court's June 10, 1997 order for interlocutory appeal by Mkt Displays Inc [114-1] (th) [Entry date 09/17/97]
10/1/97	124	APPEAL by plaintiff Mkt Displays Inc of partial judgment [102-1] to USCA - FEE: paid - Receipt #: 350582 (th) [Entry date 10/15/97]
10/3/97	125	APPEAL by defendant TrafFix Devices Inc of partial judgment [45-1] to USCA - FEE: paid - Receipt #: 350680 (th) [Entry date 10/15/97]

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 95-CV-402330

Marketing Displays, Inc.,

Plaintiffs,

-vs-

TrafFix Devices, Inc.,

Defendant.

JURY TRIAL DEMANDED
Hon. Paul V. Gadola

AMENDED COMPLAINT AND JURY DEMAND

THE PARTIES AND JURISDICTION

1. Plaintiff, Marketing Displays, Inc. ("MDI"), is a Michigan corporation, having a place of business at 38271 West Twelve Mile Road, Farmington Hills, Michigan 48331.

2. Upon information and belief, defendant TrafFix Devices, Inc. ("TrafFix") is a California corporation, having a place of business at 220 Calle Pintoresco, San Clemente, California 92672 and is doing business in this district.

3. The claims herein arise under the Lanham Act, 15 U.S.C. § 1051 et seq.

4. This Court has jurisdiction over the counts of this action based on 28 U.S.C. §§ 1338 and 1367.

COUNT I - VIOLATIONS OF FEDERAL LANHAM ACT TRADEMARK INFRINGEMENT

5. MDI is a leading developer and manufacturer of sign systems in the United States and has secured a number of trademarks and other intellectual property rights protecting its developments.

6. In this regard, MDI owns and uses the trademark WINDMASTER® which is protected by incontestible Federal Trademark Registration No. 1,068,875.

7. MDI has used the WINDMASTER® mark since 1968.

8. By continuous and substantial advertising, use and promotion of the mark to date, MDI has acquired tremendous value, name recognition and good will in the mark.

9. TrafFix has begun using the name "WINDBUSTER" in interstate commerce in connection with the marketing, promotion and sale of sign systems virtually identical to MDI's sign system.

10. TrafFix's use of the name "WINDBUSTER" is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of TrafFix with MDI, or as to the origin, sponsorship, or approval of TrafFix's goods by MDI.

11. TrafFix's use of "WINDBUSTER" as described above violates sections 32 and 43(a) of the Lanham Act, 15 U.S.C. §§ 1114 , 1125 (a) .

12 . MDI has been irreparably compensably injured as a result of TrafFix's conduct.

13. This infringement by defendant was willful.

COUNT II - INFRINGEMENT OF MDI'S TRADE DRESS IN VIOLATION OF 15 U.S.C. § 1125(A)

14. MDI hereby incorporates by reference the allegations contained in Paragraphs 5 through 13 as if set forth fully herein.

15. For at least ten years, MDI has advertised, marketed, promoted and sold WINDMASTER® portable sign systems.

16. MDI's WINDMASTER® portable sign systems incorporate a pair of closely spaced upright coil springs positioned on a narrow base with angled legs extending therefrom, the overall appearance of which represents an inherently distinctive trade dress serving to identify a unique source of those sign systems.

17. Additionally, MDI's WINDMASTER® portable sign system has obtained a secondary meaning in the marketplace.

18. TrafFix has initiated advertising, marketing and selling of a portable sign system incorporating a trade dress which is confusingly similar to the protectable trade dress of MDI, for its own portable sign system.

19. TrafFix's use of a trade dress confusingly similar to that owned by MDI, as well as a mark confusingly similar to the registered incontestable trademark of MDI, is likely to cause confusion, to cause mistake, or to deceive as to an affiliation, connection or association as to origin, sponsorship or approval of TrafFix's goods, or to misrepresent the nature, characteristics or qualities of TrafFix's goods, all in violation of 15 U.S.C. § 1125 (a).

20. TrafFix's infringement as outlined in this Count has been willful.

21. MDI has suffered an irreparable, compensable injury, and will continue to suffer an irreparable, compensable

injury unless the infringement of TrafFix is preliminarily and then permanently enjoined.

COUNT III - COMMON LAW UNFAIR COMPETITION

22. MDI hereby incorporates by reference the allegations contained in Paragraphs S through 21 as if set forth fully herein.

23. The actions of TrafFix in advertising, marketing and distributing portable sign systems which incorporate a trade dress and mark confusingly similar to the protectable trade dress and registered mark of MDI constitute unfair competition under the common law of Michigan.

24. Upon information and belief, TrafFix undertook the copying of MDI's trade dress in its portable signs willfully, or with a reckless intention of trading upon the goodwill of MDI, and/or with the intent of confusing purchasers into believing that TrafFix's portable signs were approved, authorized by, or related to MDI.

25. MDI has suffered an irreparable, compensable injury, and will continue to suffer an irreparable, compensable injury unless the unfair competition of TrafFix is preliminarily and permanently enjoined.

COUNT IV - VIOLATIONS OF FEDERAL LANHAM ACT UNFAIR COMPETITION

26. MDI hereby incorporates by reference the allegations contained in Paragraphs 5 through 25, as if set forth fully herein.

27. TrafFix Devices intentionally misled consumers into believing that its WINDBUSTER sign stands were in some way associated with or sponsored by MDI.

28. TrafFix Devices intentionally misled consumers by submitting estimates to provide its WINDBUSTER sign stands on bids that sought products described as WINDMASTER or equivalent.

29. Upon information and belief, TrafFix Devices provided its WINDBUSTER products to customers and represented that it was a WINDMASTER or equivalent to a WINDMASTER.

30. Such conduct by TrafFix Devices was done willfully or with a reckless intention of trading upon the goodwill of MDI, and/or with the intent of confusing purchasers into believing that TrafFix's portable sign stands were approved, authorized by or related to MDI.

31. MDI has suffered an irreparable, compensable injury and will continue to suffer an irreparable, compensable injury unless the unfair competition of TrafFix is preliminarily and permanently enjoined.

32. TrafFix Devices' conduct as outlined in this Count has been willful.

DEMAND FOR RELIEF

Wherefore, plaintiff MDI respectfully requests this Court to:

A. Temporarily, preliminarily and permanently enjoin TrafFix, its officers, agents, servants, employees and attorneys and all those persons in active concert or participation with them from

i) using the mark "WINDBUSTER" or any confusingly similar designation, alone or in combination with other words or symbols, as a trademark, service mark, trade name component, or otherwise, to market, advertise or identify TrafFix's sign systems or other goods or services;

ii) making, using, selling or inducing others to make, use or sell portable sign systems having a trade dress which is confusingly similar to the protectable trade dress of the portable sign system of MDI; and

iii) unfairly competing with MDI in any manner whatsoever.

B. Award MDI both compensatory and exemplary damages for the counts stated herein.

C. Determine that the violations of MDI's rights by TrafFix are willful.

D. Award MDI damages and attorney fees under 15 U.S.C. § 1117 for TrafFix's trade dress and trademark infringement;

E. Determine that this case is "exceptional" under 15 U.S.C. § 1117, and enhance the damages;

F. Award MDI any additional damages, including punitive damages, to which it is entitled for TrafFix's unfair competition;

G. Award MDI its costs; and

H. Awarded such other and further relief as the Court may deem just and equitable.

JURY DEMAND

Plaintiff Marketing Displays, Inc. hereby demands a trial by jury for all issues so trial.

Respectfully submitted,

BROOKS & KUSHMAN P.C.

By: /s/ John S. Artz

John A. Artz (P 24679)
John S. Artz (P 48578)
1000 Town Center
Twenty-Second Floor
Southfield, Michigan 48075
(810) 358-4400

Date: August 20, 1996

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

CIVIL ACTION NO. 95-40230
HONORABLE PAUL V. GADOLA
U.S. DISTRICT JUDGE

MARKETING DISPLAYS, INC.,

Plaintiff,

v.

TRAFFIX DEVICES, INC.,

Defendant.

AMENDED PARTIAL JUDGMENT

This action came before this court, the Honorable Paul V. Gadola, District Judge presiding, and the issues having been fully presented and the court being fully advised in the premises, and a decision having been duly rendered,

IT IS HEREBY ORDERED AND ADJUDGED that final judgment, as to liability only, is entered in favor of the plaintiff, MARKETING DISPLAYS, INC., as to Count I of its August 21, 1996 amended complaint.

IT IS FURTHER ORDERED AND ADJUDGED that defendant, TRAFFIX DEVICES, INC., is immediately and permanently **ENJOINED** from using the mark "**WINDBUSTER**."

IT IS FURTHER ORDERED AND ADJUDGED that defendant, TRAFFIX DEVICES, INC., take nothing on Count II of its September 30, 1996 counterclaim.

IT IS FURTHER ORDERED that the clerk of the court serve a copy of this judgment by United States mail on counsel for the parties named in the caption above.

SO ORDERED.

Dated: 1/29/97 /s/ Paul V. Gadola
PAUL V. GADOLA
UNITED STATES DISTRICT JUDGE

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 95-CV-402330

Marketing Displays, Inc.,

Plaintiff,

-vs-

TrafFix Devices, Inc.,

Defendant.

Hon. Paul V. Gadola

ANSWER, AFFIRMATIVE DEFENSES AND COUNTERCLAIMS TO AMENDED COMPLAINT

I. ANSWER

Defendant, TrafFix Devices, Inc. answers the Amended Complaint and Jury Demand as follows:

THE PARTIES AND JURISDICTION

1. Admitted.

2. Admitted.

3. Defendant admits only that the Lanham Act, 15 U.S.C. §1051 et. seq. covers trademark and trade dress infringement and certain types of unfair competition. Defendant denies that common law unfair competition arises under the Lanham Act.

4. Admitted.

ANSWER TO COUNT I - VIOLATIONS OF FEDERAL LANHAM ACT TRADEMARK INFRINGEMENT

5. Defendant is without knowledge or information sufficient to form a belief as to truth of the allegations of Paragraph 5 and therefore denies the same.

6. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 6 and therefore denies the same.

7. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 7 and therefore denies the same.

8. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 8 and therefore denies the same.

9. Defendant admits only that it is using the mark "WINDBUSTER" in interstate commerce for sign systems and denies all other allegations of Paragraph 9.

10. Denied.

11. Denied.

12. Denied.

13. Denied.

ANSWER TO COUNT II - INFRINGMENT OF MDI'S TRADE DRESS IN VIOLATION OF 15 U.S.C. 91125(A)

14. Defendant repeats its responses to Paragraphs 5-13, above.

15. Defendant is without knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 14 and therefore denies the same.

16. Defendant admits that Plaintiff's WINDMASTER sign systems incorporate upright coil springs and angled legs, but denies all other allegations of Paragraph 15.

17. Denied.

18. Denied.

19. Denied.

20. Denied.

21. Denied.

ANSWER TO COUNT III - COMMON LAW UNFAIR COMPETITION

22. Defendant repeats its response to Paragraphs 5-21, above.

23. Denied.

24. Denied.

25. Denied.

ANSWER TO COUNT IV - VIOLATIONS OF FEDERAL LANHAM ACT UNFAIR COMPETITION

26. Defendant repeats its responses to Paragraphs 5-25, above.

27. Denied.

28. Denied.

29. Denied.

30. Denied.

31. Denied.

32. Denied.

II. AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

Plaintiff's recently added claim for violations of the Lanham Act should be dismissed for failure to state a claim upon which relief may be granted.

SECOND AFFIRMATIVE DEFENSE

Plaintiff's alleged trade dress is not distinctive.

THIRD AFFIRMATIVE DEFENSE

Plaintiff's alleged trade dress does not have secondary meaning.

FOURTH AFFIRMATIVE DEFENSE

Plaintiff's alleged trade dress is functional.

FIFTH AFFIRMATIVE DEFENSE

Plaintiff's alleged trade dress is generic.

SIXTH AFFIRMATIVE DEFENSE

Plaintiff can recover nothing because of Plaintiff's unclean hands in seeking to appropriate unto itself, under the guise of trade dress, construction features of its sign which it knew or should have known were in the public domain.

SEVENTH AFFIRMATIVE DEFENSE

Plaintiff's conduct in seeking to appropriate unto itself, under the guise of trade dress, construction features of its sign which it knew were in the public domain constitutes a violation of the Antitrust Laws of the United States.

EIGHTH AFFIRMATIVE DEFENSE

Plaintiff's and Defendant's trademarks and trade dress are not confusingly similar.

NINTH AFFIRMATIVE DEFENSE

Defendant's use of its trademark and product configuration creates no likelihood of confusion, as Plaintiff's and Defendant's goods are marketed to a trade in which the purchasers are highly aware of the source of the purchased goods.

TENTH AFFIRMATIVE DEFENSE

There is no likelihood of confusion as between the configuration Defendant's products and the configuration of Plaintiff's products.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiff's claims for unfair competition under common law must fail because its trade dress and trademark claims fail as indicated herein.

TWELFTH AFFIRMATIVE DEFENSE

Plaintiff may not recover from Defendant on any of its claims because it has suffered no damages.

III. COUNTERCLAIMS

GENERAL ALLEGATIONS

1. Marketing Displays, Inc. (MDI) is a Michigan corporation engaged in the sale of traffic sign stands.

2. TrafFix Devices, Inc. (TrafFix) is a California corporation engaged in the sale of traffic sign stands.

COUNTERCLAIM COUNT I - VIOLATION OF 15 U.S.C. 1125(A)

3. TrafFix repeats and realleges paragraphs 1 and 2 of these Counterclaims.

4. TrafFix does not believe that newly added Count IV of Plaintiff's Complaint states a cause of action against Defendant. However, if Count IV of Plaintiff's Complaint states a cause of action against TrafFix, MDI is equally liable because it has engaged in the same type of conduct.

5. This claim arises under the Lanham Act, 15 U.S.C. §1051 et. seq.

6. This Court has jurisdiction over the subject matter of this claim pursuant to 28 U.S.C. §1338.

7. MDI intentionally misled consumers by submitting estimates to provide its WINDMASTER sign stands on bids that sought products described by WINDBUSTER or equivalent.

8. Upon information and belief, MDI provided its WINDMASTER product to customers and represented that it was a WINDBUSTER or equivalent to a WINDBUSTER.

9. Such conduct by MDI was done willfully or with reckless intention of trading upon the goodwill of TrafFix and/or with the intent of confusing purchasers into believing that MDI's portable sign stands were approved, authorized by or related to TrafFix.

10. TrafFix has suffered an irreparable damage and will continue to suffer damage unless the unfair competition of MDI is enjoined.

11. MDI's conduct as outlined and this counterclaim has been willful.

COUNTERCLAIM COUNT II - ANTITRUST VIOLATIONS

12. TrafFix repeats and realleges paragraphs 1 - 11 of these Counterclaims.

13. The subject matter jurisdiction of this Court arises under 28 U.S.C. 1337 in that this is (a) an action under Section 4 of the Clayton Act, 15 U.S.C. 15, to recover threefold damages sustained by TrafFix, and the cost of suit, including reasonable attorney fees, for injuries sustained by TrafFix in its business and/or property by reason of the violation by Marketing Displays, Inc. (MDI) of Section 2 of the Sherman Act, 15 U.S.C. §2, and (b) an action under Section 16 of the Clayton Act, 15 U.S.C. §26, for injunctive relief for threatened loss or damage to TrafFix by MDI's violation of Section 2 of the Sherman Act, 15 U.S.C. §2.

14. On information and belief, MDI has monopoly power in the market for wind resistant sign stands mounted on dual springs in the United States.

15. Alternatively, on information and belief, there is a dangerous probability that MDI will achieve monopoly power in the market for wind resistant sign stands mounted on dual

springs in the United States unless the unlawful activity described below is ordered to cease.

16. MDI has willfully acquired and maintained its monopoly power by asserting patent rights under the guise of trade dress in an invention after the expiration of the patent.

17. MDI obtained United States Patent Number 3,646,696 for a portable, spring mounted, windproof sign stand with a lightweight base more than 17 years ago.

18. MDI successfully asserted United States Patent Number 3,646,696 against sign stands having a dual spring construction similar to that now utilized by TrafFix.

19. The construction features of MDI's sign stand are subject to the free use of the public as a matter of federal patent law because they were covered by a United States patent which issued more than 17 years ago.

20. MDI knew when it filed this lawsuit that the patent on the claimed inventions had expired, that the construction features of the sign stand were in the public domain, and that attempts to continue its patent rights, under the guise of trade dress, were unlawful.

21. MDI's market power in the relevant market is a direct result of its having asserted, to TrafFix and other marketers of sign systems, a protectible interest in the construction features of the expired patent claims in the pretext of claims for trademark infringement and unfair competition.

22. After the patents expired, MDI's attempts to claim a protectible and trade dress interest in expired patent claims was in bad faith.

23. MDI's enforcement activity against TrafFix and others has been with the specific intent to destroy competition in the relevant market.

24. MDI commenced this action against TrafFix for the purpose and with the intent to destroy competition in the relevant market.

25. MDI's asserting a protectible interest in the construction features of an expired patent, knowing the assertion of a protectible interest is invalid, has injured competition in the relevant market.

26. TrafFix has been injured in its business and/or property by reason of MDI's monopolization and attempt to monopolize.

WHEREFORE Defendant Prays:

a. The Complaint be dismissed with prejudice;

b. that MDI be enjoined from all further acts in violation of the Lanham Act;

c. that TrafFix be awarded damages and attorney fees under 15 U.S.C. §1117 and that such damages be trebled;

d. TrafFix recover against MDI treble damages and attorney fees for the injury it has sustained by reason of MDI's violation of the antitrust laws;

e. The court enjoin MDI from its unlawful activity in violation of the antitrust laws;

f. the Court award TrafFix its costs and attorney fees; and

g. such other and further relief as the Court may deem just and equitable.

JURY DEMAND

TrafFix hereby demands a trial by jury for all counterclaim issues so triable.

Respectfully submitted,

REISING, ETHINGTON,
BARNARD & PERRY, L.L.P.

/s/ Jeanne-Marie Marshall
Jeanne-Marie Marshall (P-38564)
Richard W. Hoffmann (P-42352)
201. W. Big Beaver Rd., Ste. 400
Troy, Michigan 48084
(810) 689-3500

September 26, 1996

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Hon. Paul V. Gadola
Civil Action No. 95-CV-40230

DECLARATION OF JOHN SARKISIAN

I, John Sarkisian, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion For Summary Judgment relative to the trademark issue.

2. I have been employed at MDI since 1982. I am presently Sales Manager for MDI's Traffic Control Products Division. I have been in that position since about 1993. Prior to becoming Sales manager, I was Field Sales Manager from 1992 to 1993, I was regional manager of sales from 1987-1992, and I also worked in inside sales for MDI's point of purchase products prior to 1987.

3. I am currently in charge of the sales and marketing of all of MDI's traffic control products. As a result of my experience with MDI, I am also familiar with the amount of sales of MDI's WINDMASTER products and the amount of

money that was and is spent on sales and advertising for MDI's WINDMASTER products.

4. As part of my present responsibilities, I travel to various trade shows and to various MDI customers selling and marketing MDI's traffic control products. Consequently, I am familiar with MDI's product lines and many of its trademarks, including the WINDMASTER trademark.

5. I have also become familiar with the history of MDI's WINDMASTER trademark.

6. One line of product that MDI sells is a line of spring-mounted wind resistant sign stands. MDI manufactures these wind resistant sign stands and has been manufacturing and selling a wind resistant sign stand since 1968.

7. The first wind resistant sign stand was a business-type sign stand that was sold and advertised under the mark WINDMASTER. This business-type sign stand was designed to be used to advertise products at the place where purchasers could buy that product. One example would be at gas station food marts.

8. In the mid 1970's, MDI began manufacturing and selling a traffic-type wind-resistant sign stand for use in the traffic control industry. The design of this sign stand was different from the business-type sign stand. This wind resistant sign stand was also sold and marketed under the mark WINDMASTER. Purchasers have come to identify MDI as the manufacturer of this sign stand.

9. Since the introduction of the WindMaster product, MDI has spent, on average, tens of thousands of dollars each year advertising its WINDMASTER products. The advertising has been through literature, customer contacts, direct mailings, and trade shows. MDI has also had, on average, over a couple million dollars in sales of the WINDMASTER product each year.

10. Moreover, MDI has sold a significant number of wind resistant sign stands for the traffic control industry each

year since its inception in 1976 and has been using the mark exclusively in that field for over 20 years. MDI's WINDMASTER sign stands are sold by direct and distributor sales to contractors, government entities, utilities, and police and fire departments. Additionally, based on my experience, these purchasers typically are not very informed about purchasing decisions and take very little time in making their purchasing decisions.

11. As a result, MDI's WINDMASTER mark and its product have enjoyed substantial commercial successes and the mark and the products have developed substantial good will in the traffic control industry.

12. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: October 11, 1996

/s/ John Sarkisian
John Sarkisian

Int. Cl: 6
Prior U.S. Cl: 13
United States Patent Office

Reg. No. 1,068,875
Registered July 5, 1977

TRADEMARK
Principal Register

WINDMASTER

Marketing Displays, Inc.
(Michigan corporation)
24450 Indoplex
Farmington Hills, Mich. 48024

For: METAL NON-TIPPABLE DISPLAY APPARATUS FOR USE IN HOLDING AND DISPLAYING SIGNS, POSTERS, METAL PANELS, AND ADVERTISING MESSAGES, in CLASS 6 (U.S. CL. 13).
First use February 1968; in commerce February 1968.

Ser. No. 84,099, filed Apr. 16, 1976.

ABRAM I. SACHS, Supervisory Examiner
G.T. GLYNN, Examiner

REGISTERED FOR A TERM OF 20 YEARS FROM JULY 5, 1977

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

-vs-

TRAFFIX DEVICES, INC.,

Defendant.

Case. No, 95-CV-40230
Hon. Paul V. Gadola

The Deposition of JACK KULP was taken in the above-entitled cause before me, Sylvia A. Doyle, a Court Reporter (CSR-1418) and Notary Public for the County of Oakland, State of Michigan, acting in the County of Oakland, at Reising, Ethington, Barnard & Perry, 201 West Big Beaver Road, Suite 400, Troy, Michigan, on Monday, August 5, 1996, commencing at or near the hour of 1:15 p.m.

APPEARANCES:

MR. JOHN A. ARTZ
MR. JOHN S. ARTZ
Brooks & Kushman
1000 Town Center
22nd Floor
Southfield, MI 48075
(810) 358-4400
Appearing on behalf of the Plaintiff.

A We incorporated October the 23rd, 1987. I'm sorry, '86. I beg your pardon, '86, wrong.

Q And who are the other owners of TrafFix other than yourself?

A My son, Brent Kulp, and Walter Kuczera are shareholders.

Q Can you give me the approximate percentage of ownership of the three of you?

A Brent has about 8 percent, Walter has 7 percent and I have about 85 percent.

MS. MARSHALL: Just for the record, John, I know we've got a Protective Order that's been signed by the parties that we have been operating under and any information is confidential and you feel should not disclosed in front of a representative -- in front of MDI and I miss it, please feel free to let me know.

MR. S. ARTZ: We already mentioned that Good point.

MR. ARTZ: I do want to get into some of the sales data later. At that point we will have a separate confidential

* * * * *

[Pages 12-17 ommited]

money. I went in and ran it in the sales capacity for machinery and machinery sales manager for about 18 months. Was promoted to general manager, then to president of the division. We turned the division around and about that time Lear Siegler acquired Royal -- all the outstanding stock and assets of Royal Industries.

I made the transition from Royal to Lear and continued on as president of the Plasties division. At the same time I -- or actually just before the take over by Lear of Royal I was given another assignment to run another division of Royal Industries called the signal division which was in road safety products, that was in 1973. And so for a short period I ran three divisions; the Plasties division and the signal division of Royal Industries and then I located a replacement to run the Plasties division which was subsequently sold and I continued on running the signal division as president. At that point of Lear

Siegler -- or of Royal Industries, 1974, '75 Royal Industry stock was acquired by Lear Siegler, I made the transmission and continued to run the signal division of Lear Siegler until September 30th of 1986 at which time my division was sold and I was out of a job.

Q Then you formed TrafFix Devices?

A Ugh-ugh.

Q All right. Did TrafFix Devices continue generally in the same line of business as the signal division of Lear Siegler?

A That's correct.

Q Who was the division sold to?

A Sold to Flexolight, division of Lucan Steel for ten and a half million dollars.

Q How do you spell DICO?

A D-I-C-O. Stood for Dairy Industries Corporation of America.

Q And where were they located?

A Des Moines, Iowa.

Q You said that. How about Royal Industries?

A Well, the headquarters of Royal Industries -- the corporate headquarters was in Pasadena, California. And the corporate headquarters of

Lear Siegler was in Santa Monica, California.

Q That's where you reported to work everyday when you were president of the signal division?

A No, I headed my own plant.

Q Where was that?

A Plants. I had one in East Los Angeles and another one in -- another plant in Montebello, California, a molding plant; injection and compression molding.

Q What products did the signal division sell?

A We sold arrow board trailers -- made and sold arrow board trailers. We sold plastic channelizer drums, the orange drums. We sold roof mounted arrow boards, sold backup alarms, we sold strobe lights, revolving lights and, for about four or five years we sold some of the WindMaster products; sign stands -- the sign stands only. I don't believe we sold any signs.

Q What period of time was that that you sold the WindMaster products?

A Oh, I want to say '79; 1979 or '80. May have been a little earlier or a little later, I'm

just not sure.

Q Did you sell them just during that two-year period?

A No, no, that's when we began selling them.

Q You sold them up until the time you --

A Up until the time I was terminated, right.

Q Okay. Does the Flexolight division still sell the WindMaster, to your knowledge?

A Not to my knowledge. I don't believe they do.

Q Did they for a period of time?

A I think so, but I'm not certain about that either.

Q Do you know who the president is of Flexolight or who was it at the time that they bought Lear Siegler's signal division?

A The president at the time that they bought the signal division was a guy by the name of -- I'm having a block. Fred Piel.

Q Did he stay on as president of the Flexolight division, to your knowledge?

A After they acquired my division?

Q Yes.

A Yes.

Q Is he still there?

* * * * *

[Pages 22-33 Omitted]

Q Why was it necessary to add the resilient member springs to that sign stand to hold a rigid sign?

A The springs are the most economical and the most reliable method of spilling the wind on a rigid sign which itself will not flex or bend.

How did you come to the conclusion it was necessary to market this product to complete your line; was this from input from your customers, input from your salespeople?

A No, you just stand out there, you look at the market and you say, we need this to be able to complete or product line.

We didn't ask customers, no, just it was my realization that we needed to have that.

Q Was the WindMaster sign stand a decent selling product at the Lear Siegler signal division?

A I recall it being about -- I recall, and it's been a long time, but I recall our contract quantity was about 6,000 sign stands a year that we had to sell in order to maintain the price that they were giving us.

Q Did you meet that?

A My recollection is we did.

Q Would you call it a pretty good selling product?

How would you characterize it, put it that way? Use your own words.

A Okay.

Q How are your products sold to the marketplace, you being TrafFix Devices?

A What do you mean specifically?

Q How are they sold to customers?

You have salesmen, distributors, you have reps – –

A We have three channels of distribution. We have distributors who buy our products for resale to road contractors or for their own consumption, for their own use. Many of them, are also rental companies.

We sell to state agencies, large cities and counties on competitive bids, and we would sell in rare instances directly to contractors or end-users if we don't have adequate distribution in the area.

Q Do you make a distinction between distributors and manufacturer reps?

* * * * *

[Pages 36-62 Omitted]

aluminum.

Q Was that one of your factors in choosing steel over aluminum?

A I don't know that -- I don't recall that I thought of that at the time.

Q All right. Now the Interrogatory Answers credit Mr. Kuczera with selecting the name WindBuster.

A That's correct.

Q Could you state for the record, to the best of your recollection, why that was that he chose the name WindBuster?

A You know, we had conversations about what we were going to call this product and I -- we went back and forth with probably more names than I can even dream of over a period of time. And the sign stand is primarily used in the construction work zone and wind is a function -- is a reality and it's a function that exists -- something that exists in the work zone, so we thought that wind would be appropriate and we wanted a wind resistant stand and we wanted to connotate that it was wind resistant; it isn't rain resistant, it

isn't sun resistant, it's wind resistant and Walter came up with the idea, as my recollection, of calling it a WindBuster like breaking and busting a bronco and we both just liked the name WindBuster. It was his idea and I liked it.

Q WindBuster has been used as a one word name by TrafFix Devices?

A That's correct.

Q Do you know why you picked one word rather than two?

A No.

Q Also, on this brochure, Exhibit 4, the WindBuster name is capital W and capital B?

A That's correct.

Q That's the original way that you decided to use the name, you being TrafFix Devices?

A The primary way.

Q Is it still the primary way?

A Yes.

Q The WindBuster sign stand competes with Marketing Displays' WindMaster sign stand?

A Not really.

Q What is the basis for your answer?

* * * * *

[Pages 65-103 Omitted]

read the whole thing.

BY MR. ARTZ:

Q Okay, read the whole answer.

MS. MARSHALL: I think the question is on the preceding page.

THE WITNESS: That's Interrogatory 14, but that's not Interrogatory 14 he's asking.

MS. MARSHALL: That's the answer:
(Whereupon, discussion off the record.)

THE WITNESS: Now, will you ask me your question? I've read the Interrogatory.

BY MR. ARTZ:

Q Can I see it please?

You agree with the statement that TrafFix Devices knew that Marketing Displays, Inc., SteelMaster and WindMaster sign stands were well received in the industry?

A I agree with that statement.

Q You agree with the rest of Interrogatory

* * * * *

[Pages 105-113 Omitted]

recollection.

Q And who was involved with you in the selection process?

A Basically me.

Q Mr. Kuczera, was he involved, too?

A We talked about it; Walt and myself.

Q After you decided what the design should be, what was the next step?

Did someone draw it up?

Did you take it to a manufacturer to get the parts made?

What did you do?

A We sent -- we made some drawings and we sent the -- we sent one of the competitive sign stands to our -- to our man in Korea and we -- at the same time that we were doing that we were doing some preliminarily tooling that was required for long lead time items and said this is the way that we basically want the sign stand to perform and we said we want to make one similar to this.

Q You actually sent a sign stand to them?

A Yes, that's correct.

Q Was it the WindMaster?

A It was a WindMaster.

Q Was it a SteelMaster?

A It was a WindMaster only. But we had already decided on different size tubing, on a different leg configuration, deployment configuration and different rigid and roll-up sign holders.

Q And then what was the next step? Did he send a prototype to you or did you start manufacturing --

A We began to do the tooling and ultimately resulted in a prototype to evaluate.

Q How close was the prototype to what's shown in this WindBuster exhibit?

A Very close except that we had initially decided on a different leg deployment configuration and we had some coil winding -- spring winding problems to solve. Our springs, we thought, were too soft.

Q Were the springs out-sourced? Did you have those manufactured specifically for you?

A I don't understand that question.

Q Let me strike that.

Did you just go buy springs

* * * * *

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

-vs-

TRAFFIX DEVICES, INC.,

Defendant.

Case No. 95-CV-40230
Hon. Paul V. Gadola

CONFIDENTIAL RECORD

The Deposition of JACK KULP was taken in the above-entitled cause before me, Sylvia A. Doyle, a Court Reporter (CSR-1418) and Notary Public for the County of Oakland, State of Michigan, acting in the County of Oakland, at Reising, Ethington, Barnard & Perry, 201 West Big beaver Road, Suite 400, Troy, Michigan, on Monday, August 5, 1996, commencing at or near the hour of 4:15 p.m.

APPEARANCES:

MR. JOHN A. ARTZ
MR. JOHN S. ARTZ
Brooks & Kushman
1000 Town Center
22nd Floor
Southfield, MI 48075
(810) 358-4400
Appearing on behalf of the
Plaintiff.

Q Let me ask you one question that really isn't confidential but I think I will ask you because I saw it in my note here.

On these competitive bid situations, there are certain people at the state agency that TrafFix Devices is dealing with?

A That's correct.

Q Do you have any knowledge of how many products these people in the state agency deal with other than sign stands?

A Oh, thousands, thousands, thousands -- well, many products.

Q They would be the main buyers for the state agency for all of its products then?

A Some states have specialized buyers that deal in certain commodities and other groups of

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.

Plaintiff

v.

TRAFFIX DEVICES, INC.,

Defendant

CASE NO. 95-40230
HON. PAUL V. GADOLA

DEFENDANT'S ANSWERS AND OBJECTIONS TO PLAINTIFF'S INTERROGATORIES (1-16)

GENERAL OBJECTIONS AND PROVISOS

1. Within certain of the Interrogatories propounded by Marketing Displays, Inc. there are self-serving statements of alleged

INTERROGATORY NO. 3

Describe all goods and services marketed and/or sold by Defendant under the mark WINDBUSTER, and identify all documents referring or relating to said marketing and sales.

RESPONSE TO INTERROGATORY NO. 3

TrafFix Devices, Inc. objects to this Interrogatory on the ground that the term "relating to" is vague and ambiguous insofar as TrafFix Devices, Inc. from the scope of this

Interrogatory. The Interrogatory is further objectionable insofar as it is overbroad and burdensome, insofar as the term "relating to" could be interpreted to encompass all of TrafFix Devices, Inc.'s confidential business records having any relation to TrafFix Devices, Inc.'s sign business.

TrafFix Devices, Inc. also objects to this Interrogatory on grounds that it seeks confidential/trade secret information of TrafFix Devices, Inc., which will be produced only upon entry of a suitable protective order.

TrafFix Devices, Inc. further objects to this Interrogatory on grounds that it is compound and complex.

Nevertheless, TrafFix Devices, Inc. answers this Interrogatory to the following extent: TrafFix Devices, Inc. markets under the mark "WINDBUSTER" only the product shown in the attached catalog sheets, specifically the traffic warning sign stands designated Model No. 24108 WINDBUSTER Sign Stand.

INTERROGATORY NO. 9

Identify and describe the channels of distribution and/or intended channels of distribution in the United States for each product or service sold or offered for sale by Defendant under Defendant's mark.

RESPONSE TO INTERROGATORY NO. 9

There are basically three channels of distribution for WINDBUSTER sign stands:

1) They are sold to distributors who resell or rent them to contractors;

2) They are sold directly to government agencies on a bid basis;

3) They are occasionally sold directly to large end users such as utilities or major contracting companies.

INTERROGATORY NO. 14

With respect to the design of the product sold under Defendant's mark, state how it was conceived and selected, the reasons for adopting it, the person(s) involved, and the identity of all documents relating to the conception, selection and adoption.

RESPONSE TO INTERROGATORY NO. 14

TrafFix Devices, Inc. objects to this Interrogatory on the ground that the term "relating to" is vague and ambiguous insofar as TrafFix Devices, Inc. cannot fairly evaluate what documents are included in or excluded from the scope of this Interrogatory. The Interrogatory is further objectionable insofar as it is overbroad and burdensome, insofar as the term "relating to" could be interpreted to encompass all of TrafFix Devices, Inc.'s confidential business records having any relation to TrafFix Devices, Inc.'s sign business.

Nevertheless, TrafFix Devices, Inc. states that TrafFix Devices, Inc.'s WINDBUSTER sign stand was reverse-engineered from a STEELMASTER sign stand purchased on the open market. Its creation resulted from TrafFix Devices, Inc.'s need to have available portable stands for rigid signs, which need to be designed to spill wind. TrafFix Devices, Inc. knew that Marketing Displays, Inc.'s STEELMASTER and WINDMASTER sign stands were well received in the industry for that purpose, and that the patent protection for them had expired.

Following exposure of a prototype to potential customers at the American Highway and Traffic Safety Association(AHTSA) show in San Jose, California, in February, 1994, some modifications were made, including a new leg release (which is different from that of WINDMASTER sign stands) and special brackets for rigid and roll-up signs. No documents evidencing the above facts are available; the design process was quite informal.

Under penalty of perjury, JACK H. KULP declares as follows:

I am an officer of TrafFix Devices, Inc., and a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the foregoing Answers and Objections to Plaintiffs Interrogatories and know its contents. The matters stated in it are true to the best of my knowledge and belief.

/s/ Jack H. Kulp
JACK H. KULP, President,
TrafFix Devices, Inc.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Marketing Displays, Inc.

Plaintiff

v.

TrafFix Devices, Inc.,

Defendant

CASE NO. 95-40230
HON. PAUL V. GADOLA

DEFENDANT'S ANSWERS TO PLAINTIFF'S SECOND SET OF REQUESTS FOR ADMISSIONS (19-31)

REQUEST NO. 19

Admit that Defendant is using the mark WINDBUSTER in connection with all-steel wind-resistant traffic sign stands.

RESPONSE TO REQUEST NO. 19

Admitted.

REQUEST NO. 20

Admit that Defendant is using the mark WINDBUSTER in connection with all-steel wind-resistant traffic sign stands that are painted orange and black.

RESPONSE TO REQUEST NO. 20

Admitted.

REQUEST NO. 21

Admit that Defendant is using the mark WINDBUSTER in connection with wind-resistant traffic sign stands.

RESPONSE TO REQUEST NO. 21

Admitted.

Respectfully submitted,

HARRY G. WEISSENBERGER, INC.
Attorneys for Defendant

Date: 19 July 1996

By /s/ Harry G. Weissenberger

Harry G. Weissenberger
24221 Calle de la Louisa, #309
Laguna Hills, CA 92653-7602
Tel: (714) 380-4046
Fax: (714) 380-1179

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v.

TRAFFIX DEVICES, INC.,

Defendant.

CIVIL ACTION NO. 95-CV-40230
HON. PAUL V. GADOLA

DECLARATION OF GLENDA BLEAU

I, Glenda Bleau, hereby declare and state as follows:

1. This Declaration is being submitted in support of Marketing Displays, Inc's ("MDI") Motion For Summary Judgment relative to trademark infringement.

2. I have been employed at MDI since 1987. I currently am one of the two sales coordinators at MDI in its Traffic Control Products division. Prior to becoming a sales coordinator, I was a customer service representative.

3. As part of my duties and responsibilities at MDI as both customer service representative and sales coordinator, I receive and answer phone calls from customers and prospective customers. The subject matter of these calls range from filling orders for various MDI products to providing information about MDI's products. . My responsibilities also include filling out bid forms and submitting these bid forms on behalf of MDI to various purchasers and prospective purchasers in the traffic control product industry.

4. While fielding phone calls form purchasers and prospective purchasers, I have personally received between five (5) and ten (10) phone calls from prospective purchasers who had called MDI to obtain information concerning a "WindBuster" sign stand.

5. Additionally, on numerous other occasions, I have received phone calls from prospective purchasers seeking information about a sign stand having a name containing the word "wind", but they could not remember the entire name of the sign stand. On other occasions, I have fielded phone calls from prospective purchasers asking for information about the "wind something" sign stand, where the "something" would be a suffix other than "master".

6. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: October 10, 1996 /s/ Glenda Bleau
Glenda Bleau

To: Glenda Bleau-MDI TCP

From: Pete Sculley-MDI 8/9/96

Re: An Example of a Bid For "WindBuster" By Traffix

Dear Glenda:

The Following bid is from the city of Dover in the state of Delaware. It is dated 7/7/95. As you can see, they requested bids for the "WindBuster" signstand but they also put "WindMaster no equal" on the same bid. When I contacted the city of Dover.

1) I was referred to Ron Lunt. Line Foreman, who requested the items to be purchased.

Ronald Lunt Foreman 302-736-7071
City of Dover, 860 Buttner Place, Dover, DE 19901

The State of Delaware is unique in that they require signs to be displayed 60' above the ground for all types of work zones. Our WindMaster 4860 has been the standard in Delaware work zones for years.

Mr. Lunt told me that he assumed that the "WindBuster" was simply a less expensive version of the WindMaster. To him the "WindMaster" meant the WindMaster 4860. He knew of no other WindMaster products. He was surprised when I explained to him that the "WindBuster" was not even manufactured by the maker of WindMaster. He was also not aware that the "WindBuster" (holds Sign 18" above ground) was not approved for use in Delaware.

Because he planned to use these stands with roll up signs, I gave him information about our 4850, which the City of Dover eventually purchased through our Delaware dealer, Enterprise Flasher.

I cannot say for sure that this was a misrepresentation on the part of a TrafFix Representative, but I can say that Mr. Lunt was contacted by someone representing TrafFix Products, and that from this contact, he developed the opinion

that "WindBuster" and "WindMaster" were manufactured by the same company.

THE CITY OF DOVER
CAPITAL OF THE FIRST STATE

To: _____

COMPANY: TRAFFIC CONTROL PRODUCTS

FAX #: (810) 488-5700

PHONE #: _____

FROM: Fran Hettinger

COMPANY: City of Dover

ADDRESS: BILL TO 710 William Street, Dover, DE 19901

FAX: (302) 736-7178
(302) 736-7047

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FROM : PETE SOULLEY-MDI PHONE NO. : 618 261 [illegible]21 P01

FROM MDI 618 489 5788 1995-07-07 16:58 PAGE P.02/02

P3 of 3

JULY 7, 1995

	DESCRIPTION	QUNTY	VENDOR	VENDOR	VENDOR	VENDOR	VENDOR
	WINDBUSTER SIGN STAND W/STEP-N-DROP LEGS AND ROLL UP SIGN BRACKET. WINDMASTER NO EQUAL	6					
	NON-REFLECTIVE ROLL-UP MESH SIGN 48" X 48" "MEN WORKING"	2					
	NON-REFLECTIVE ROLL-UP MESH SIGN 48" X 48" "ONE LANE ROAD AHEAD"	2					
	NON-REFLECTIVE ROLL-UP MESH SIGN 48" X 48" "SHOULDER WORK"	2					
	NON-REFLECTIVE ROLL-UP MESH SIGN 48" X 48" UTILITY WORK AHEAD.	2					
	PLEASE QUOTE PRICE AND DELIVERY ON THE ABOVE MATERIAL. WINDMASTER PRODUCTS NO EQUAL. PLEASE HAVE RETURNED TO ME BY JULY 12, 1995. THANKS, FRAN						

Pat

72

0187

MD000003

BEST AVAILABLE COPY

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Civil Action No. 95-CV-40230
Hon. Paul V. Gadola

DECLARATION OF MARA BITTE

I, Mara Bitte, hereby declare and state as follows:

1. This Declaration is being submitted in support of Marketing Displays, Inc.'s ("MDI") Motion For Summary Judgment relative to trademark infringement.

2. I have been employed at MDI since 1983. In July, 1995, I retired from full time employment and I am presently working two days a week in the purchasing department.

3. From 1983 to 1995, my job titles included sales secretary, sales coordinator and sales supervisor for MDI's Traffic Control Products division.

4. As part of my duties and responsibilities as sales secretary, sales supervisor, and sales coordinator, I fielded phone calls from purchasers, and prospective purchasers. The subject matter of these calls ranged from taking orders to answering questions about MDI' s various products. I also took part in filling out bid forms and submitting our bids to various prospective purchasers.

5. My present responsibilities include working in purchasing and I do not normally answer phone calls from prospective purchasers. However, I fill in and answer phone calls from customers and prospective customers when needed.

6. While fielding phone calls from 1994 to the present, I personally received no less than five (5) phone calls from prospective purchasers inquiring as to whether or not MDI sold the "WindBuster" sign stand.

7. On another occasion, I fielded a phone call from a prospective purchaser who inquired as to whether he was speaking with TrafFix Devices, Inc.

8. In my opinion, purchasers and prospective purchasers of sign stands are typically not very informed purchasers. This is based on my over 13 years experience dealing with purchasers of sign stands.

9. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: October 2, 1996

/s/ Mara Bite
Mara Bitte

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Hon. Paul V. Gadola
Civil Action No. 95-CV-40230

ANSWER TO DEFENDANT'S COUNTERCLAIMS

NOW COMES Plaintiff, Marketing Displays, Inc., (MDI) by and through its attorneys, BROOKS & KUSHMAN, P.C. and for its Answer to Defendant's Counterclaims, states as follows:

1. Plaintiff admits the allegations contained in Paragraph 1, but avers that its business is not limited solely to the sale of traffic sign stands.

2. Upon information and belief, Plaintiff admits the allegations contained in Paragraph 2.

COUNT I

3. Plaintiff hereby incorporates by reference its response to Paragraphs 1 and 2 as though set forth fully herein.

4. Plaintiff lacks sufficient information or knowledge to either admit or deny whether TrafFix "believes" anything about Plaintiff's newly added Count II. Plaintiff denies the remainder of the allegations contained in Paragraph 4.

5. Plaintiff lacks sufficient information or knowledge to either admit nor deny the allegation contained in Paragraph 5 because it does not know to what "this claim" is referring.

6. Plaintiff lacks sufficient information or knowledge to either admit nor deny the allegation contained in Paragraph 6 as it does not know to what "this claim" is referring.

7. Plaintiff denies the allegations contained in Paragraph 7 for the reason that they are untrue.

8. Plaintiff denies the allegations contained in Paragraph 8 for the reason that they are untrue.

9. Plaintiff denies the allegations contained in Paragraph 9 for the reason that they are untrue.

10. Plaintiff denies the allegations contained in Paragraph 10 for the reason that they are untrue.

11. Plaintiff denies the allegations contained in Paragraph 11 for the reason that they are untrue.

COUNT II

This Count is the subject of Plaintiff's pending Motion to Dismiss pursuant to Rule 12 (b) (6) and therefore, Plaintiff need not answer the allegations contained therein at this time.

WHEREFORE, Plaintiff prays that:

A. Defendant's Counterclaims be dismissed with prejudice.

B. The Court award Plaintiff its costs and attorney fees; and

C. The Court award such other and further relief as the Court may deem just and equitable.

Respectfully submitted,

BROOKS & KUSHMAN P.C.

By: /s/ John A. Artz
John A. Artz (P2479)
Frank A. Angileri (P45611)
John S. Artz (P48578)
1000 Town Center
Twenty-Second Floor
Southfield, Michigan 48075
(810) 358-4400

Attorneys for Plaintiff

Dated: October 29, 1996

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

V

TRAFFIX DEVICES, INC.,

Defendant.

Hon. Paul V. Gadola
Civil Action No. 95-CV-40230

DECLARATION OF SEAN NOONE

I, Sean Noone, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion relative to its trademark WINDMASTER.

2. I have been employed at MDI since about 1991 as a sales representative. My present territories include the midwestern and northern United States.

3. As a sales representative, my job responsibilities include, the marketing, promotion, and sale of MDI's various products, including the WINDMASTER sign stands.

4. I market, promote, and sell MDI's products, including the WINDMASTER sign stands at various trade shows, through customer and prospective customer field calls, and also telephone calls.

5. During my tenure as sales representative, I have become familiar with MDI' s various competitors for each of the product lines I sell, including TrafFix Devices, Inc.

("TrafFix"). I am also familiar with the sign stand sold by TrafFix under the mark WINDBUSTER which it sells in competition with MDI.

6. During my job function of attending trade shows and calling on customers and potential customers, I have encountered numerous instances of confusion between MDI's WINDMASTER and TrafFix's WINDBUSTER.

7. Within the last year I have personally encountered in the field, at least one instance of actual confusion per week between MDI's WINDMASTER and TrafFix's WINDBUSTER sign stands (approximately 25 total). They have occurred in various different ways, for example:

a. At various trade shows, where I have had a WINDMASTER sign stand displayed, various people have come up to me and asked if my company manufactured the WINDBUSTER sign stand;

b. On other occasions, where I also had a WINDMASTER sign stand displayed, I have had people come up to me and ask if my company was associated with TrafFix Devices, Inc.; and

c. On other occasions, I have had prospective customers look at either a WINDMASTER sign stand or promotional literature for the WINDMASTER sign stands and tell me that they were already purchasing the WINDBUSTER sign stands.

8. Some of the specific customers and/or prospective customers who I can recall exhibiting confusion were (1) South Dakota Department of Transportation, (2) Northern States Power Utilities (in Minnesota), (3) North Dakota Department of Transportation, and (4) Manitoba Hydro.

9. I also believe that another prospective customer that exhibited confusion between MDI's WINDMASTER sign stand and TrafFix's WINDBUSTER sign stand was the Kansas Department of Transportation.

10. One trade show that I specifically recall prospective customers exhibiting confusion between MDI's WINDMASTER sign stand and TrafFix's WINDBUSTER sign stand was at Northland's (How-To Conference) in Fargo, North Dakota.

11. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: November 21 , 1996

/s/ Sean Noone
Sean Noone

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

V

TRAFFIX DEVICES, INC.,

Defendant.

Hon. Paul V. Gadola
Civil Action No. 95-CV-40230

DECLARATION OF LANNY HYDE

I, Lanny Hyde, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion relative to its trademark WINDMASTER.

2. I have been employed at MDI since 1986 as a sales representative. My present territories include the western United States.

3. As a sales representative, my job responsibilities include, the marketing, promotion, and sale of MDI's various products, including the WINDMASTER sign stands.

4. I market, promote, and sell MDI's products, including the WINDMASTER sign stands at various trade shows, through customer and prospective customer field calls, and also telephone calls.

5. During my tenure as a sales representative, I have become familiar with MDI's various competitors for each of the product lines I sell, including TrafFix Devices, Inc. I am also familiar with the sign stand sold by TrafFix under the mark WINDBUSTER which it sells in competition with MDI.

6. During my tenure as sales representative I have become acquainted with an individual named Pete Freeman. Mr. Freeman owns National Barricade which is a potential customer of MDI and is familiar with the WINDMASTER product.

7. Within the last six months, Mr. Freeman was interested in selling the WINDMASTER product. I told Mr. Freeman that we would work on a trial basis and the first thing I had wanted him to do was to call on a customer of MDI's which had previously been a buyer of the WINDMASTER sign stands.

8. The customer was Washington Water Power and I had wanted Mr. Freeman to call on them because I had not been in too much contact with them over the past year or so and I wanted to reestablish a relationship.

9. Mr. Freeman called me on Wednesday, November 13, 1996, to let me know that he has followed up with Washington Water Power on behalf of MDI. When Mr. Freeman called he left a message on my machine and stated that "I followed up with Washington Water Power regarding the WINDBUSTER sign stands" or words to that effect.

10. In my opinion, Mr. Freeman was confused as to the names of the products and obviously, equated the two.

11. I declare that all statements made in this declaraton are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v.

TRAFFIX DEVICES, INC.,

Defendant.

Hon. Paul V. Gadola
Civil Action No. 95-CV-40230

DECLARATION OF RON LUNT

I, Ron Lunt, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion relative to its trademark WINDMASTER.

2. I work for the City of Dover, Delaware as the Transmission and Distribution Manager, and have been employed there since 1988.

3. As the Transmission and Distribution Manager, my responsibilities include, inter alia, determining what products we need in the field, preparing bids based on our desired specifications, and sending them to manufacturers of products that meet our specifications for bids.

4. While I have been the Transmission and Distribution Manager, I have only purchased and used wind resistant sign stands manufactured and sold by MDI, namely WINDMASTER sign stands.

5. When I began my employment with the City of Dover, Delaware, we had WINDMASTER sign stands on

hand and they were being used in the field by our crews. I was familiar with their look and operation and pleased with their performance.

6. In late June or early July, 1995, I helped prepare a bid sheet soliciting bids for sign stands and it was sent out on July 7, 1995. (One page of the bid is attached as Exhibit 1 to my declaration.) In preparing the bid, I told my purchasing agent to solicit bids for MDI's WINDMASTER sign stand as that was what I was familiar with. Somehow, the specifications for the WINDBUSTER sign stand ended up on the bid sheet.

7. When this was first brought to my attention, after the bid had been sent out, I assumed that the WINDBUSTER was just another product being offered by MDI in its sign stand line.

8. My specifications indicated that MDI Traffic Control Products was the only manufacturer allowed and thus, the language, "WINDMASTER NO EQUAL" and "WINDMASTER PRODUCTS NO EQUAL" was placed in the bid sheet. This language was intended to convey my opinion that the WINDMASTER sign stands were the best sign stands on the market. This was based on my experience in using the WINDMASTER product for the past 7 years.

9. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: December 3, 1996

Ron Lunt
T & D Manager
/s/ City of Dover
Ron Lunt

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

vs

TRAFFIX DEVICES, INC.

Defendant.

Case No.: 95-CV-40230
HONORABLE PAUL V. GADOLA

DECLARATION OF JOHN SARKISIAN

I, John Sarkisian, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion For Summary Judgment relative to the trade dress issue.

2. I have been employed at MDI since 1982. I am presently Sales Manager for MDI's Traffic Control Products (TCP) division. Prior to becoming the Sales Manager, I have been a Field Sales Manager and a Regional Manager of sales of MDI. I also have worked in inside sales for various MDI products.

3. I am currently in charge of the sales and marketing of all of MDI's traffic control products. As a result of my experience with MDI, I am familiar with all of MDI's TCP products and with their sales and promotional expenses. In particular, I am knowledgeable about the amount of sales of MDI's WINDMASTER and STEELMASTER products and

the amount of money that has been spent on sales and advertising for those products.

4. As part of my present responsibilities, I regularly attend trade shows and call on existing and potential customers for MDI's traffic control products. Consequently, I am familiar with all of the competition in the TCP sign stand industry.

5. MDI sells spring-mounted wind resistant sign stands under the names WINDMASTER and STEELMASTER. MDI manufactures these wind resistant sign stands and has been manufacturing and selling the WINDMASTER TCP sign stand since the mid-1970's and the STEELMASTER sign stand since the mid-1980's.

6. A current MDI brochure showing both the WINDMASTER and STEELMASTER products is attached hereto as Attachment 1.

7. The WINDMASTER and STEELMASTER products each utilize a pair of closely spaced vertical coil springs and are virtually identical in design. The only differences are that the WINDMASTER sign stands have aluminum legs and an aluminum vertical upright, while the STEELMASTER sign stands have steel legs and a steel vertical upright - and are painted orange.

8. Since the mid-1970's, MDI has spent, on average, tens-of-thousands of dollars each year advertising the WINDMASTER (20 years) and STEELMASTER (10 years) TCP sign stands. The advertising has been through literature, customer contacts, direct mailings, and trade shows. Virtually all of this advertising and promotion has depicted or shown the unique look and design of these sign stands (as evidenced by Attachment 1).

9. MDI has sold the WINDMASTER and STEELMASTER wind resistant sign stands in the traffic control industry each year since the mid-70's and mid-80's, respectively, and has been using the unique product design

exclusively in that field for over 20 years. MDI sold approximately $2,000,000 of these sign stands in 1996 and has averaged over $1,000,000 in sales per year since the mid-1970's. In total, to date, MDI has sold over $20,000,000 of the TCP WINDMASTER and STEELMASTER sign stands.

10. MDI's WINDMASTER and STEELMASTER TCP sign stands are sold by direct and distributor sales to contractors, government entities, utilities, and police and fire departments. Additionally, based on my experience, these purchasers typically are not very informed about purchasing decisions and take little time in making their purchasing decisions.

11. MDI's WINDMASTER and STEELMASTER TCP products have enjoyed substantial commercial success and their design and the products themselves have developed substantial good will and recognition in the TCP industry.

12. The WINDMASTER and STEELMASTER sign stands directly compete in the marketplace with TrafFix Device's WINDBUSTER sign stand. Other competitors that manufacture and/or sell resiliently-mounted, wind-resistant sign stands that compete in the marketplace with the WINDMASTER and STEELMASTER sign stands are: (a) Eastern Metal of Elmira with its flat leaf spring sign stand; (b) Dicke Tool Co. with its horizontal torsion spring sign stand; (c) Sign-Up with its single spring "PowerCell" sign stand; (d) Services and Materials with its boxed single spring sign stand; (e) Work Area Protection with its sign stand with a pair of 45° angled springs; and (f) Korman Signs with its sign stand with a pivoting upright and a "teeter-totter" counterbalance spring mechanism.

13. With their different resilient mechanisms, these other competitive wind-resistant sign stands differ in design and appearance from the WINDMASTER/STEELMASTER design and appearance. All of these sign stands of others, however, are competitive in the marketplace, particularly with respect to factors such as quality, cost and/or wind performance. Not only has MDI

lost sales of its WINDMASTER and/or STEELMASTER sign stands to these companies on numerous occasions, but numerous governmental agencies have issued specifications which only cover one or more of these competitive designs and do not cover the WINDMASTER or STEELMASTER products with a pair of upright coil springs.

14. Still other competitive wind-resistant sign stands which compete in the marketplace with the WINDMASTER and STEELMASTER TCP sign stands do not utilize a resilient mounting to accomplish a wind-resistant function. Instead, these sign stands utilize vinyl sign panels with flexible cross-braces which bend and "spill" the wind in windy conditions. These sign stands are sold in competition with the WINDMASTER and STEELMASTER sign stands, as well as the sign stands identified above in Paragraph 12. In this regard, MDI has also lost sales of its WINDMASTER and STEELMASTER sign stands to customers who have instead purchased these non-resiliently mounted sign stands with flexible sign panels.

15. The success of the WINDMASTER/STEELMASTER product line has spawned some competitors, such as Eastern Metal and TrafFix Devices, to copy MDI's dual-spring trade dress. In 1995, MDI accused Eastern Metal of trade dress infringement and the controversy was settled when they paid MDI for their past infringement and entered into a royalty-bearing License Agreement for use of the trade dress in the future. A copy of the Trade Dress License Agreement is attached hereto as Attachment 2.

I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment, or both, under 28 U.S.C. §1746.

Dated: 2-27-97

/s/ John Sarkisian
JOHN SARKISIAN

TRADE DRESS LICENSE AGREEMENT

THIS AGREEMENT is effective the 1st day of July, 1996 and is made by and between

MARKETING DISPLAYS INTERNATIONAL
38271 West Twelve Mile Road
Farmington Hills, Michigan 48331
(hereinafter referred to as "MDI")

and

EASTERN METAL OF ELMIRA, INC.
1430 Sullivan Street
Elmira, N.Y. 14901
(hereinafter referred to as "EASTERN METAL")

1. Introduction. MDI is the owner of all right, title and interest in the following trademarks, trade dress, and product configuration fights (hereinafter the "MDI Trade Dress"):

> A sign stand with a pair of vertically-oriented closely spaced coil springs situated on a narrow base, an upright member attached to the top of the springs, a plurality of ground engaging leg members attached to the base and angled outwardly therefrom, and a sign member being positioned on or otherwise attached to the upright member.

MDI and EASTERN METAL are willing to enter into an arrangement on the terms set forth in this Agreement such that MDI will grant to EASTERN METAL a non exclusive right and license under the MDI Trade Dress to make, use, advertise and sell sign stands incorporating such Trade Dress. The parties also wish to resolve and settle the pending litigation between them: Marketing Displays, Inc. v. Eastern Metal of Elmira (E.D. Mich., C.A. 95-40231).

2. Territory. The territory for which MDI shall grant a license for the Trade Dress to EASTERN METAL is the United States of America, including its territories and possessions, Canada and Mexico.

3. License Grant. MDI hereby grants to EASTERN METAL the non-exclusive right and license under the MDI Trade Dress to make, use, advertise and sell sign stands incorporating such Trade Dress throughout the Territory.

4. Termination of Litigation. Concurrently with entering into this License Agreement, MDI agrees to voluntarily dismiss or withdraw the Trade Dress infringement cause of action in the pending Michigan litigation (E.D. Mich., C.A. 95-40231).

5. Payment of Royalties. EASTERN METAL agrees to pay MDI for the license rights hereunder, a royalty of two percent

(2%) of the Net Selling Price of all sign stands which visibly display such MDI Trade Dress. By way of example and not limitation, current EASTERN METAL products which are subject to payment of a royalty hereunder include the C-400, X-500, X-600, and C-700-series sign stands (such as the C-402, X-500, X-550, X-600, X-650, and C-702 products). These products are shown and/or disclosed in EASTERN METAL's 1995-96 catalog, a copy of which is attached hereto and incorporated herein as Exhibit A.

In this regard, there will be no Trade Dress royalties due on the C-400 and C-700-series sign stands so long as the Patent License Agreement executed concurrently herewith by the parties is still in effect and EASTERN METAL is continuing to pay a patent license royalty to MDI on such products. Once the Patent License Agreement is terminated, however, Trade Dress license royalties on the C-400 and C-700-series sign stands will begin hereunder immediately.

The "Net Selling Price" shall be the actual selling price as sold by EASTERN METAL, less packaging costs, freight charges, returns, sales and other like taxes, if included in the selling price. For purposes of computing royalties, the date of sale shall be the invoice date.

Within 30 days after the end of each quarter of each calendar year, EASTERN METAL shall furnish to MDI a statement showing the total "Net Selling Price" of all licensed devices manufactured by or for EASTERN METAL during the preceding calendar quarter, and EASTERN METAL shall pay the amount of royalties owing at the time said statement is furnished. EASTERN METAL shall pay interest to MDI at the rate of one percent (1%) per month for the period during which any royalty required by this Agreement shall be delinquent.

6. Other Payment. In addition to royalty payments made in accordance with Article 5 above, EASTERN METAL also agrees to settle the trade dress infringement cause of action in the pending Michigan litigation by paying MDI for past use in

the Territory the amount of fifty thousand dollars ($50,000.00). Payment of one-half of this amount will be made concurrent with the execution of this Agreement by EASTERN METAL, and the remainder shall be payable by December 31, 1996. None of the $50,000.00 amount can be set off or used as a credit against any future payments under Article 5.

7. Marking. EASTERN METAL shall place or cause to be placed on all of its sign stands licensed hereunder and on all of its advertising therefor, a clear and appropriate notice that the products contain and/or are licensed under the Trade Dress rights of MDI.

8. Cross-License. As further consideration for the licensing rights hereunder, EASTERN METAL hereby grants a royalty-free non-exclusive right and license to MDI under U.S. Patent No. 4,309,836 to make, use and sell sign stands disclosed and claimed therein. If MDI manufactures, uses or sells sign stands in accordance with the '836 patent, then MDI agrees to place an appropriate patent notice on such sign stands, such as "Licensed under U.S. Patent No. 4,309,836".

9. Record Keeping. EASTERN METAL shall keep true and accurate records and books of account containing all information required for the computation and verification of the sums to be paid pursuant to Article 5 of this Agreement. EASTERN METAL agrees to permit such books and records to be examined, from time to time and during reasonable business hours, to allow verification of the statements and sums, such examination to be made at MDI's expense by an independent auditor. The report of the auditor shall be confined to statements concerning the accuracy of the information, computation, sums and statements.

If it is found that EASTERN METAL underreported sales under Article 5 by five percent (5%) or more, then EASTERN METAL agrees to pay for the audit.

10. Term, Termination and Default. This License Agreement and license granted hereunder to EASTERN METAL can be

terminated by EASTERN METAL upon six (6) months notice in writing to MDI.

Upon termination of this Agreement, EASTERN METAL agrees immediately thereafter to cease using the MDI Trade Dress. The parties agree that one way that this can be accomplished is by eliminating a pair of closely spaced vertical coil springs positioned between the base member and the sign member from the sign stands.

If EASTERN METAL, at any time, defaults in the payment of any royalty or the making of any report or the keeping of books and records as provided for herein, refuses access to its sales books and records, makes an incorrect report or an unauthorized assignment, fails to maintain reasonable quality standards, or commits any other material breach of any covenant or condition contained herein, then MDI shall have the right to terminate this Agreement upon thirty (30) days written notice of its intention to do so, provided however that EASTERN METAL shall have the right to remedy such breach within said thirty (30) day period to prevent this Agreement from being canceled. In addition, if EASTERN METAL becomes insolvent, files for bankruptcy or makes an assignment for the benefit of creditors, or institutes a similar arrangement, or if a receiver is appointed for EASTERN METAL, then MDI shall have the right to immediately terminate this Agreement.

Termination of this Agreement will not affect rights accrued under this Agreement prior to termination. Upon termination of this Agreement, the rights of the parties under any provision of this Agreement, that by their terms or intent survive termination of this Agreement, will remain in effect. In addition, a termination by MDI shall not have the effect of or be construed as a waiver of any royalties or rights of MDI hereunder accrued at the time of such termination.

If the MDI Trade Dress is held invalid or unenforceable by a trial court and that decision is being appealed by MDI, then all royalties due under this Agreement from the date of

the trial court's decision, until the date of the Court of Appeal's decision, shall be placed into an interest bearing escrow account by EASTERN METAL at EASTERN METAL's attorney's office. If the trial court's decision is reversed by the Court of Appeals or MDI's Trade Dress is otherwise held valid and enforceable by the Court of Appeals, then the escrowed royalties (plus interest) shall be immediately paid to MDI, and EASTERN METAL shall immediately provide a full reporting and accounting to MDI relative thereto. If the trial court's decision is upheld or affirmed by the Court of Appeals relative to the invalidity or unenforceability of MDI's Trade Dress, and MDI has exhausted all of its rights relative to reconsideration, further appeals, writs of certiorari and the like, then the escrowed royalties (plus interest) shall be immediately paid to EASTERN METAL.

If the MDI Trade Dress is held invalid or unenforceable by a court of final jurisdiction, any future obligations of Eastern Metal under this Agreement (i.e., other than accrued rights and obligations, such as payment of royalties) shall be deemed null and void.

11. Most Favored License. During the term of this Agreement, if MDI grants a license under the MDI Trade Dress to another on royalty terms different from the terms of this Agreement, then MDI shall notify EASTERN METAL within thirty (30) days and provide EASTERN METAL with a copy of the license agreement. EASTERN METAL then will have the option to incorporate such different terms in this Agreement, effective from the date of notice.

12. Quality Standards. EASTERN METAL agrees to maintain the quality of sign stands incorporating or utilizing MDI's Trade Dress which are manufactured, used, advertised and/or sold by EASTERN METAL under this Agreement to a level of reasonable quality acceptable to MDI. MDI acknowledges that it has inspected products subject to this Agreement currently manufactured, used, advertised and/or

sold by EASTERN METAL and that those products meet quality standards acceptable to MDI.

13. Independent Contractors. Both parties are independent contractors, and this Agreement does not establish either party as the legal representative of the other for any reason. Neither party has the authority to assume or create any obligation whatsoever, expressed or implied, on behalf of or in the name of the other party, nor to bind the other in any manner.

It is the intention of MDI and Eastern Metal that each party will be responsible for their own intentional acts and active negligence, and will not be responsible vicariously for the active negligence of the other party. Also, if either party incurs liability that is caused by the joint and concurrent negligence of both parties, then MDI and Eastern Metal intend that they will share that liability in proportion to their fault, so that neither party will incur liability in excess of the proportion of the liability caused by that party. Accordingly, MDI agrees to indemnify and hold harmless Eastern Metal and its agents, employees, officers and directors, and Eastern Metal agrees to indemnify MDI and its agents, employees, officers and directors, from any and all liability, charges, claims, costs or losses, including reasonable attorney fees, incurred by Eastern Metal or MDI, respectively, in connection with or arising from an action by a third party, to the extent necessary to carry out the intention of the parties as expressed in this section.

14. Product Differentiation. Notwithstanding the licensing of MDI Trade Dress, EASTERN METAL also agrees to attempt to differentiate its sign stand products frost those of MDI in the marketplace by manufacturing, using, advertising and/or selling sign stands with coil springs which are not black or dark in color and by applying one or more visible labels to its products clearly identifying its products as those of EASTERN METAL and/or USA-SIGN.

The visible labelling requirement(s) of this Agreement will be reasonably interpreted by MDI to mean that the size of

any and all "labels" required hereunder may be compatible with, and in any event need be no larger than, any singular side or surface of a major component of the product to which they are affixed.

EASTERN METAL shall begin utilizing differently colored coil springs, and affixing the appropriate visible label required by this Agreement, within thirty days after the execution of this Agreement, or upon the exhaustion of its remaining inventory of "long-lead" items, such as black coil springs, whichever occurs last, but in all cases no later than 75 days from the signing of this Agreement.

15. Notices. Any notice, request, demand, approval, consent or other communication that a party may be required or permitted to give the other party must be in writing and must be served personally or by prepaid, certified mail at the address of the other party as set forth at the beginning of this Agreement or at such other address as the party has designated by notice in accordance with this Section.

Proof of the mailing of any such document in the manner specified shall constitute prima facie evidence that service has been made on the party to be served as of five (5) days following the date of such mailing.

16. Assignment. No rights of assignment, sub-license or other transfer of rights under this Agreement are granted to EASTERN METAL except (a) as expressly authorized in writing by MDI prior to any such assignment, sub-license or transfer, or (b) to a successor or purchaser of EASTERN METAL or of all of EASTERN METAL's sign stand business.

17. Choice of Law. This Agreement shall be construed in accordance with and governed by the substantive laws of the State of Michigan (and not the conflict of laws rules). Any legal proceeding between the parties must be brought and conducted in a court of the State of Michigan and in the county in which MDI's principal place of business is located or the U.S. Federal District Court for the district within the

State of Michigan where MDI's principal place of business is located, and the parties consent to those courts having jurisdiction over their persons.

18. Costs of Enforcement. Each party will be responsible for the costs incurred by the other party in successfully enforcing the provisions of this Agreement, including reasonable attorneys' fees. If the parties are involved in an action that involves claims by both parties, the prevailing party will be entitled to collect its costs of enforcement from the other party.

19. Waiver. No waiver by either party of any breach, default or violation of any term, warranty, representation, agreement, condition or provision of this Agreement will constitute a waiver of any subsequent breach, default or violation of the same or other term, warranty, representation, agreement, condition or provision of this Agreement.

20. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and in force as if all invalid or unenforceable provisions were not included and all partially valid and enforceable provisions will be interpreted and enforced to the extent that they are intelligible, valid and enforceable.

21. Entire Agreement; Modification. This Agreement constitutes the entire agreement between the parties concerning the matters covered, and supersedes all prior negotiations, understandings, representations and agreements, whether oral or written. This Agreement may not be modified except by a writing executed by officers of both parties.

22. Successors and Assigns. The provisions of this Agreement will be binding on and will inure to the benefit of the parties and their successors and assigns.

23. Publicity. Each party agrees that it will not issue any press, public or trade releases or publications regarding the terms and conditions of this Agreement or the settlement of the present controversy between the parties.

24. Mutual Release. Each of the parties hereto, including each of their successors and assigns, forever release, remise and discharge the other party hereto, including each of their affiliates, subsidiaries, directors, officers, agents, employees, customers, attorneys, successors and assigns, from any and all claims, and causes of action of any kind or nature, without limitation, which each may have had against the other based upon any fact or matter known prior to the effective date of this Agreement.

25. Execution. MDI and EASTERN METAL agree that this document may be executed in two (2) or more counterparts, each of which will be deemed an original.

The parties have executed this Agreement on the date set forth next to their signatures. The effective date of this Agreement will be the date set forth at the beginning of this Agreement.

MARKETING DISPLAYS INTERNATIONAL

Date: 12/16/96 By: /s/ Aram H. Najariah
Chief Operating Officer

EASTERN METAL OF ELMIRA, INC

Date: 12/26/96 By: /s/ Michael Knapp
President

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

- vs -

TRAFFIX DEVICES, INC.

Defendant.

Case No.: 95-CV- 40230
HONORABLE: PAUL V. GADOLA

DECLARATION OF DAVID U. HILLSTROM

David U. Hillstrom hereby states as follows:

1. I am a design engineer at Marketing Displays, Inc. in Farmington Hills, Michigan ("MDI"). I live in Novi, Michigan and have worked for MDI since 1967.

2. I worked on the development of the original business-type "WINDMASTER" sign stand that was invented by Robert Sarkisian at MDI in the late 1960's. That sign stand had a pair of widely spaced coil springs, a pair of elongated parallel leg members, and an upstanding rectangular sign attached to the springs. A drawing of that sign stand is designated "A" in the attached Attachment 1. The WINDMASTER sign stand was used predominately by businesses such as gas stations, drug stores and the like, to advertise products and prices on the sidewalks outside their establishments.

3. In the mid-1970's, I helped develop MDI's traffic control type "WINDMASTER" sign stand. This first generation of TCP (traffic-control product) sign stands had a pair of widely spaced coil springs, a pair of steel U-shaped leg members, and a steel inverted V-shaped upright on which a diamond-shaped traffic-control sign was positioned (see "B" in Attachment 1). The two U-shaped leg members folded-up for transport and storage and workmen could easily move the sign stand by hanging it on their shoulders. MDI sold a significant number of these sign stands during the 1975-77 time period and they were well received in the marketplace.

4. In about 1977, I helped design the second generation of "WINDMASTER" TCP sign stands. This redesign of MDI's TCP sign stands had a pair of closely-spaced coil springs, four individual leg members forming an X-shape, and a single vertical upright on which a diamond-shaped traffic-control sign was positioned (see "C" in Attachment 1). The four leg members folded up individually adjacent the upright for transport and storage of the sign stand.

5. Although numerous minor changes have been made through the years to the "WINDMASTER" TCP sign stand, such as improved leg locking and release mechanisms, telescopic leg members and improved sign brackets, the basic "look" and design of the second generation of TCP sign stands shown in "C" in Attachment 1 has remained the same from 1977 to date.

6. The changes from the first generation of TCP sign stands ("B") to the second generation ("C") were based on several factors including making a better looking and more aesthetically pleasing sign stand. Although the first generation sign stand had better wind performance than the second generation sign stand, it was bulkier and looked "old fashioned." The second generation sign stand used aluminum leg members and an aluminum vertical upright to make it lighter in weight, and had a smaller base mechanism which made it more compact for storage and transport. The skewed

or angled leg members in the X-shape or configuration also added a new "look" to the final product that was not present in any other competitive sign stand.

7. The second generation of "WINDMASTER" TCP sign stands were very popular with customers and sold extremely well in the marketplace. The customers were pleased with the new "look", as well as the wind performance and improved storageability.

8. MDI could have redesigned the first generation "WINDMASTER" TCP sign stand in many different ways in order to provide a lighter and more compact sign stand which had satisfactory wind performance. For example, other types of spring members and mechanisms could have been utilized which would have provided a more compact design than two side-by-side coil springs. The spring mechanism could have utilized a single spring, a flat leaf spring, a horizontally-disposed torsion spring, or a rubber resilient member. These alternate designs would have been comparable in weight, quality and cost to the two closely-spaced coil springs selected by MDI, but would have provided a different "look" and aesthetic appearance. Also, other types and designs of vertical upright members and leg members (such as U-shaped) could have been selected, and a different number of legs (3, 6, solid, etc.) could have been provided - each of which would have provided a different "look" and could have provided comparable weight, stability, quality, wind resistance and/or cost of the resultant sign stand.

9. In the mid-1980's (circa 1985-86), MDI developed a less expensive version of the TCP WINDMASTER sign stands which utilized steel components rather than extruded aluminum components. This was called the "STEELMASTER" sign stand and was identical in shape and design to the WINDMASTER TCP sign stands with - the only difference being coloration. The four skewed leg members and vertical upright member of the "STEELMASTER" sign stands were painted orange.

10. Since the time that MDI developed its successful "WINDMASTER" wind-resistant sign stand, numerous competitors in the TCP sign stand industry developed different looking competitive alternatives - most of which are comparable in wind performance, quality and/or cost to the WINDMASTER sign stand. This shows that it is not necessary to copy the "look" and coil spring design of the WINDMASTER/STEELMASTER sign stands in order to be competitive in the marketplace. Moreover, many of these alternative competitive sign stands are sold at lower prices in the marketplace and many have taken sales away from MDI.

11. Examples of these different looking competitive TCP wind resistant sign stands include the following (all of which are depicted in Attachment 2):

a. The Sign-Up sign stand which utilizes a single extension-type coil spring in an enclosed container on the vertical upright (called "PowerCell");

b. The Dicke Tool sign stand which utilizes a horizontally disposed torsion spring mechanism (called "Dynaflex);

c. The Eastern Metal of Elmira sign stand which utilizes a flat leaf spring resilient member (called "C-Stand");

d. The Work Area Protection sign stand which utilizes two springs set at 45° angles - one in front and one in back of the vertical upright (called "Stable Stand");

e. The Korman Signs sign stand which utilizes a "teeter-totter"-type of counterbalanced spring mechanism with a pivoted vertical upright (called "flexible spring action"); and

f. The Services & Materials sign stand which utilizes a single compression-type coil spring in a

rectangular box on the vertical upright (called "Quadra Flex").

12. There also are several other types of wind-resistance TCP sign stands that are marketed and sold in competition with the resiliently mounted MDI and competitive sign stands described above, and which do not utilize a spring or resilient member on the upright. Instead, these non-resilient type of sign stands utilize a roll-up sign with flexible cross-brace members which bend and flex in the wind - as depicted in Attachment 3. Companies which market this type of sign stands include Sign-Up, TrafFix Devices and MDI (TrafFix calls its version the "TrafFix sign stand"). These sign stands are lighter and less expensive than the MDI WINDMASTER/STEELMASTER sign stands and provide competitive wind performance, quality and cost - and yet have a completely different look and aesthetic appearance. They also have secured significant sales in the marketplace - and have taken sales away from the resiliently mounted sign stands identified above.

13. The MDI WINDMASTER/STEELMASTER sign stands have a unique and identifiable look and aesthetic appearance in the marketplace. Over the years, customers and competitors have come to know that "look" and recognize it either as the WINDMASTER and/or STEELMASTER design, or as a product of MDI. The look and design of the WINDMASTER and STEELMASTER sign stands have become identifiable as a product of MDI.

14. Over the last 10-20 years, MDI has extensively advertised and provided the TCP WINDMASTER (20 years) and STEELMASTER (10 years) sign stands and exhibited and presented them at numerous trade shows in each of those years. The sales of these sign stands have been substantial each year during that period of time and the sign stands are still in wide use and demand today.

15. The success of the WINDMASTER and STEELMASTER TCP sign stands have caused competitors to

copy them. Eastern Metal of Elmira came out with an identical product and when challenged by MDI, paid for their past usage and entered into a royalty-bearing license agreement for the future. The current defendant, TrafFix Devices, has also copied the WINDMASTER/STEELMASTER design. Each of these companies also market and sell sign stands which look different, have satisfactory wind performance and which are lighter and less expensive than the WINDMASTER and STEELMASTER sign stands. In my opinion, the copying by Eastern Metal and TrafFix Devices show the recognition that competitors have for the MDI "look" and its success in the marketplace.

16. The customers, channels of trade and channels of distribution for the TCP sign stands of MDI and all of the competitive sign stands (as depicted in Attachments 2 and 3), are the same. All of these products are sold to the same customers and end users.

The above statements are believed to be true and accurate to the best of my personal knowledge and belief.

/s/ David V. Hillstrom
DAVID U. HILLSTROM

Dated: Feb. 27, 1997

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

-vs-

TRAFFIX DEVICES, INC.

Defendant.

Case No. 95-CV-40230

Hon. Paul V. Gadola

The Deposition of JACK KULP was taken in the above-entitled cause before me, Sylvia A. Doyle, a Court Reporter (CSR-1418) and Notary Public for the County of Oakland, State of Michigan, acting in the County of Oakland, at Reising, Ethington, Barnard & Perry, 201 West Big Beaver Road, Suite 400, Troy, Michigan, on Monday, August 5, 1996, commencing at or near the hour of 1:15 p.m.

APPEARANCES:

MR. JOHN A. ARTZ
MR. JOHN S. ARTZ
Brooks & Kushman
1000 Town Center
22nd Floor
Southfield, MI 48075
(810) 358-4400
Appearing on behalf of the
Plaintiff.

DOYLE & DOYLE
(810) 540-9888

– – –

JACK KULP

having been first duly sworn to tell the truth, the whole truth and nothing but the truth, was examined and testified as follows:

MR. ARTZ: Let's let the record reflect that --

– – –

EXAMINATION

BY MR. ARTZ:

Q Well, first of all, state your full name and address for the record Mr. Kulp.

A Business address or home address?

Q Home.

A Jack H. Kulp, 26871 Canyon Crest Road, San Juan Capistrano, California 92675.

Q And how old are you?

A 59.

Q And you work at TrafFix Devices?

A TrafFix; T-r-a-f-f-i-x Devices, Inc.

Q And what is your position there?

A President, owner, principal owner.

MR. ARTZ: Let us let the record reflect that Mr. Kulp is present here today pursuant to Notice of Deposition filed on behalf of the plaintiff, Marketing Displays, and also, as I understand it, Mr. Kulp is going to be responsive to some of the -- or all the categories of a Rule 30 (b) (6) deposition which was served on TrafFix Devices.

Jeanne, do you have anything on the Rule 30 (b) (6)?

MS. MARSHALL: That's correct. He has knowledge as to most of the categories set forth in the Rule 30 (b) (6) Notice, if you want to go through them.

I believe, and Mr. Kulp, correct me if I'm wrong, that Mr. Kuczera, Mr. Kulp's partner, is the one that is probably the most knowledgeable regarding marketing --

THE WITNESS: That's

correct.

MS. MARSHALL: --

information.

Also regarding the conception of WindBuster, that would probably also be Mr. Kuczera, although Mr. Kulp has knowledge of that.

As to the remainder of the items set forth in the 30 (b) (6) Deposition Notice, I think Mr. Kulp will be the most knowledgeable or as knowledgeable as Mr. Kuczera, and Mr. Kuczera and Mr. Kulp will be the two most knowledgeable individuals.

MR. ARTZ: So Mr. Kuczera, I take it, will be produced under Rule 30 (b) (6) too as to the topics that he is the most familiar with?

MS. MARSHALL: That's correct. And it's my understanding, pursuant to your arrangement with Mr. Weissenberger that Mr. Kulp's -- excuse me, that Mr. Kuczera's deposition will be going forward this Friday.

MR. ARTZ: That's correct.

* * * * *

[Pages 7-18 omitted]

Siegler -- or of Royal Industries, 1974, '75 Royal Industry stock was acquired by Lear Siegler, I made the transmission and continued to run the signal division of Lear Siegler until September 30th of 1986 at which time my division was sold and I was out of a job.

Q Then you formed TrafFix Devices?

A Ugh-ugh.

Q All right. Did TrafFix Devices continue generally in the same line of business as the signal division of Lear Siegler?

A That's correct.

Q Who was the division sold to?

A Sold to Flexolight, division of Lucan Steel for ten and a half million dollars.

Q How do you spell DICO?

A D-I-C-O. Stood for Dairy Industries Corporation of America.

Q And where were they located?

A Des Moines, Iowa.

Q You said that. How about Royal Industries?

A Well, the headquarters of Royal Industries -- the corporate headquarters was in Pasadena, California. And the corporate headquarters of

* * * * *

[Pages 20-46 omitted]

in the sales of WindMaster sign stands?

A Not personally.

Q Did you ever go out to a customer and meet with them relative to a WindMaster sign stand order or bid?

A No, I don't believe I ever did.

Q As a distributor when you were at Lear Siegler signal division, did you purchase the WindMaster sign stands for then resale to others?

A That's correct.

Q So you had some of the WindMaster sign stands at your facility at Lear Siegler signal division?

A That's correct.

Q You personally saw them at that time?

A Yes.

Q And inspected them, I take it?

A Not personally.

Q You personally saw them?

A I personally saw them.

Q Did you ever see them erected?

A Yes.

Q Are you familiar with the MDI product called

SteelMaster?

A Yes.

Q How long have you been aware of that product?

A Since the Lear Siegler days.

Q Did Lear Siegler distribute the SteelMaster sign stand as well?

A Yes, that's my recollection.

Q What are the similarities and differences of the WindMaster and the SteelMaster sign stands of Marketing Displays?

A Well, the WindMaster sign stand is basically aluminum legs and uprights with two springs and a base plate.

The SteelMaster is basically steel uprights and steel legs, powder coated a very light orange. Basically performs the same function.

Q The SteelMaster also has two springs mounted on a base plate?

A That's correct. Functional.

Q The differences then between the SteelMaster and WindMaster as you're describing them is that the WindMaster has aluminum legs and uprights while the SteelMaster has steel legs

and uprights and then the WindMaster has aluminum color for its legs and uprights and the SteelMaster has an orange color for its legs and uprights; is that correct?

A That's correct.

Q Otherwise they are basically the same?

A It's my understanding.

Q And Lear Siegler signal division actually purchased the SteelMaster sign stands and then resold them at the same time it was purchasing and reselling the WindMaster sign stands?

A For a short while.

Q The period overlapped; one time you were selling both at Lear Siegler signal division?

A Yes.

Q Were you still selling the SteelMaster sign stands in 1986 when you formed TrafFix Devices?

A I believe so.

MS. MARSHALL: For the record, when you said "you" in that question, you were referring to Lear Siegler; is that correct?

MR. ARTZ: That's correct.

THE WITNESS: Not me

BY MR. ARTZ:

Q Let me rephrase it. Was the Lear Siegler signal division selling the SteelMaster sign stands at the time that you left in 1986 and formed TrafFix Devices?

A Yes, that's correct.

MR. ARTZ: We have been going an hour, let's take a short break.

(Whereupon, a recess was taken from 2:10 to 2:20 p.m.)

BY MR. ARTZ:

Q Let's refer to Exhibit 3, please. You mentioned earlier a TrafFix sign stand.

Is that shown in Exhibit 3 in the inside front cover?

A Yes, the TrafFix stand, not sign stand, but the TrafFix stand is shown on the inside cover of Exhibit 3.

Q It's called a TrafFix sign stand, but that's the TrafFix stand you were referring to earlier in your testimony?

A Yes.

Q And the WindBuster also is on the back page of that same exhibit; is it not?

A One photograph.

Q The answer is yes?

A Yes.

Q Okay. On the TrafFix stand on the inside first cover, it says that the TrafFix stand's tip resistant design effectively spills the wind and holds the sign securely without heavy springs or bulky mast.

Do you know how it spills the wind and in what manner?

A The frame of the sign acts as the resilient member to bend in the wind and then as the wind gust lets up, the sign comes back up to the upright position.

Q What material is the upright made out of?

A The upright?

Q Yes.

A What do you mean the upright?

Q The upright you said that bends.

A The sign frame itself is made out of glass reinforced polyester.

Q This is the actual upright that's attached to

* * * * *

[Pages 52-64 omitted]

A I think that the WindBuster sign stand made of steel is probably a little less expensive in the marketplace than the WindMaster sign stand which is made of aluminum.

Q Do you know that for sure?

A I don't know for sure, but I think that's the case.

Q What products in the marketplace does the WindBuster sign stand compete with?

A The SteelMaster.

Q What other product?

A Eastern Metal sign stand, Elmira. S & S sign stand; Skip and Smith I think the S & S stands for. Dickie Tool sign stand. Sign-Up Corporation sign stand. Korman Signs sign stands, Virginia. And Work Area used to have a sign stand, I don't know that they still have them.

Q That's Work Area Protection?

A Yes.

Q Korman is spelled K-o-r-m-a-n?

A Yes

Q Sign up is S-i-g-n, hyphen, U-p, capital U?

A Yes.

Q And Dickie is D-i-c-k-i-e?

A I think it's D-i-c-k-e. I'm not sure of the spelling of that.

Q And --

A Bone Safety Sign, that's another one.

Q And Eastern Metal, the full name of that company is Eastern Metal of Elmira?

A That's my understanding.

Q That's Elmira, New York?

A That's my understanding.

Q What product of these companies does the WindBuster compete with?

A Competes with their rigid sign holders.

Q All these companies have a wind resistant sign holder that has some type of spring mechanism in it?

A That's my understanding.

Q So any one of these sign stands of these companies have a wind resistant sign stand with a resilient member that competes with the WindBuster?

A That's my understanding.

Q Wouldn't that hold true then for the WindMaster sign stand as well of Marketing

Displays?

A In that it is a resilient sign stand, yes, the higher price -- the higher level sign stand.

Q Are WindBuster--aren't the WindBuster. Let me start over again.

Aren't the WindBuster sign stands sold to the same customers that the WindMaster sign stands are sold to?

A Some of them I would imagine.

Q The same prospective customers; the same end-users would use the WindMaster and the WindBuster?

A Potentially.

Q And the same potential customers would use the WindBuster sign stands and the SteelMaster sign stands?

A Probably.

Q Okay. And the same potential end-users would also use the rigid sign holders with resilient members of the other companies you mentioned; Eastern Metal, S & S, Dickie, Sign-up, Korman, Work Area Protection and Bone Safety; is that correct?

A Ask the question again. I didn't track it.

Q Okay. And the same potential end-users would also use the wind resistant, resilient sign stands of Eastern Metal, S & S, Dickie, Sign-up, Korman, Work Area Protection and Bone Safety?

A Could use.

Q Yes. In order to be competitive with your WindBuster product?

A Yes.

Q All of these products are used in the traffic control--

A Work zone.

Q Traffic control work zone, okay.

And they have the same function of warning traffic or directing traffic?

A Yes.

Q And all of these resilient signs are sold to the same groups of end-users that you referred to earlier for the WindBuster sign?

A Do you mean sign stands?

Q Sign stands, yes.

A Ask it again, you lost me.

Q Have the wind resistant, resilient sign stands

of these companies you just mentioned; Eastern, S & S, Dickie, Sign-Up, Korman, Work Area, Bone Safety, as well as TrafFix Devices and MDI, sold to the same general classes of customers that you mentioned earlier, namely, distributors, state agencies and contractors?

A I have no way of knowing how and to whom all of my competitors sell their stands to, I just don't know that.

Q Potential end-users would be the same three groups of companies for all of these sign stands, wouldn't they?

A I guess they could be, but I have no way of knowing whom they sell their sign stands to. There may be others, they may be totally different, I just don't know. I don't have access to that information.

Q When the signal division sold its WindMaster and SteelMaster sign stands, did it sell to distributors, state agencies and contractors?

A We sold to distributors. I do not believe we ever sold to state agencies or contractors.

Q Did you know whether Marketing Displays was selling to state agencies or contractors on

* * * * *

[Pages 70-90 omitted]

in any other way other than your brochures and catalogue and trade shows?

A No, we don't -- no, no.

Q Are you familiar with a TrafficMaster sign stand?

A Yes, I am.

Q Who sells that product?

A MDI.

Q Do you know who that's sold to?

A Well, I have no way of knowing MDI's sales, but it was my understanding that it was targeted towards the fire safety, public utility market. Fire safety and police -- emergency vehicle and public utility market.

Q Do you sell any WindBuster sign stands to that market?

A No, I don't believe so.

Q Do you know what criteria that your customers use in buying or selecting one sign stand over another?

A I have a pretty good idea.

Q Okay. What criteria?

A Durability, price, simplicity of use, availability, freight and delivery conditions

and terms, terms of sale, and performance, if I didn't say that.

Q No, you did not.

Are any of these more important than the other?

A I think on a WindBuster sign stand simplicity of use is probably as salient as any -- more salient than any other factor given reasonableness and price comparison.

Q So simplicity of use stands the WindBuster sign stand out from your competitors?

A From all of them.

Q Yours sign stand is easier to use; simpler to use than the others?

A Yes.

Q Is its wind performance any better or less than your competitors?

A Comparable.

Q Is durability comparable or any better or less?

A Which competitor?

Q Marketing Displays.

A Comparable.

Q How about Eastern Metal?

A Better

Q S & S?

A Better.

Q Dickie Tool?

A Better.

Q Sign-Up?

A Better.

Q Korman?

A Better.

Q Work Area Protection?

A Don't know what they got today.

Q And Bone Safety?

A Better.

Q How about price; how does your price compare with your competitors?

A Which one?

Q All right. MDI; Marketing Displays?

A Which sign stand?

Q WindMaster.

A Probably better, but not certain.

Q SteelMaster?

A Comparable.

Q How about the Eastern Metal, Elmira sign stand?

A Which model?

Q Is it comparable to any of their models?

A Yes.

Q Which ones?

A The one they sell the most of, I guess, I'm not sure what that is. We are comparable to Eastern Metal.

Q And Dickie Tool?

A Comparable.

Q Sign-Up?

A Comparable.

Q Bone Safety?

A Comparable.

Q And Korman and S & S?

A Comparable in both those.

Q Any of those sell aluminum sign stands, to your knowledge?

A Which company?

Q Any ones I mentioned; Eastern Metal, S & S, Dickie, Sign-Up, Korman, Work Area Protection and Bone Safety?

A Why don't you ask me one at a time and I'll answer them one at a time.

Q Eastern Metal?

A They make an aluminum sign stand.

Q Does that compete with your WindBuster sign stand?

A I guess.

Q How about S & S?

A They make an aluminum sign stand.

Q Does it compete with your WindBuster sign stand?

A No.

Q Dickie Tool?

A I'm not certain about Dickie Tool.

Q How about Sign-Up?

A Sign-Up does not -- I do not believe Sign-Up makes an aluminum sign, at least not recently.

Q How about Korman?

A Korman does not make an aluminum sign, I understand.

Q Does it compete with the WindBuster sign stand?

A Yes.

Q Work Area Protection?

A I'm not sure about Work Area, I'm not positive where they are.

Q How about Bone Safety?

A Yes.

Q Does that compete with the WindBuster sign stand?

A Yes.

Q Did you ever receive any complaints from customers relative to your WindBuster sign stand?

A No.

Q Not one in the whole two years?

A It's been a very good performing product.

Q Did you ever hear about complaints of any of the sign stands of your competitors?

A Yes.

Q How do you receive those complaints; by word-of-mouth, by letter, by telephone?

A Word-of-mouth.

Q Where did you hear those?

A From customers.

Q I thought you didn't have any dealings directly with customers.

A I don't mean I hear about them from customers. People hear about them from customers and they tell me.

Q And the same way, if you heard any complaints

* * * * *

[Pages 97-103 omitted]

read the whole thing.

BY MR. ARTZ:

Q Okay, read the whole answer.

MS. MARSHALL: I think the question is on the preceding page.

THE WITNESS: That's Interrogatory 14, but that's not Interrogatory 14 he's asking.

MS. MARSHALL: That's the answer:

(Whereupon, discussion off

the record.)

THE WITNESS: Now, will you ask me your question? I've read the Interrogatory.

BY MR. ARTZ:

Q Can I see it please?

You agree with the statement that TrafFix Devices knew that Marketing Displays, Inc., SteelMaster and WindMaster sign stands were well received in the industry?

A I agree with that statement.

Q You agree with the rest of Interrogatory

* * * * *

[Pages 105-111 omitted]

Q How about the Dickie Tool sign stand with a horizontal spring?

A Doesn't work well.

Q You considered that?

A Considered it and rejected it.

Q And Sign-Up has it's --

A Power cell. Considered it and rejected it.

Q All three of those products you just mentioned; the Eastern Metal flat spring, Dickie Tool horizontal spring and the Sign-Up power cell, they are all products which compete in the marketplace with the WindBuster sign stand, are they not?

A After a fashion.

Q They do compete?

A Yes.

Q Do you still have any of the sign stands on hand?

A I don't know that we have them any longer. We have a couple, but -- '

Q Where would they be; where are they? i

A Some are here, some are in California.

Q All right. How many do you have here?

A Two.

* * * * *

[Page 113 omitted]

recollection.

Q And who was involved with you in the selection process?

A Basically me.

Q Mr. Kuczera, was he involved too?

A We talked about it; Walt and myself.

Q After you decided what the design should be, what was the next step?

Did someone draw it up?

Did you take it to a manufacturer to get the parts made?

What did you do?

A We sent -- we made some drawings and we sent the -- we sent one of the competitive sign stands to our -- to our man in Korea and we -- at the same time that we were doing that we were doing some preliminarily tooling that was required for long lead time items and said this is the way that we basically want the sign stand to perform and we said we want to make one similar to this.

Q You actually sent a sign stand to them?

A Yes, that's correct.

Q Was it the WindMaster?

A It was a WindMaster.

Q Was it a SteelMaster?

A It was a WindMaster only. But we had already decided on different size tubing, on a different leg configuration, deployment configuration and different rigid and roll-up sign holders.

Q And then what was the next step? Did he send a prototype to you or did you start manufacturing --

A We began to do the tooling and ultimately resulted in a prototype to evaluate.

Q How close was the prototype to what's shown in this WindBuster exhibit?

A Very close except that we had initially decided on a different leg deployment configuration and we had some coil winding -- spring winding problems to solve. Our springs, we thought, were too soft.

Q Were the springs out-sourced? Did you have those manufactured specifically for you?

A I don't understand that question.

Q Let me strike that.

Did you just go buy springs

* * * * *

[Pages 116-148 omitted]

Q Let me ask you one question that really isn't confidential but I think I will ask you because I saw it in my note here.

On these competitive bid situations, there are certain people at the state agency that TrafFix Devices is dealing with?

A That's correct.

Q Do you have any knowledge of how many products these people in the state agency deal with other than sign

A Oh, thousands, thousands, thousands -- well, many products.

Q They would be the main buyers for the state agency for all of its products then?

A Some states have specialized buyers that deal in certain commodities and other groups of

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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

vs.

TRAFFIX DEVICES, INC.,

Defendant.

Case No. 95-CV-40230

Deposition of: JOHN D. MC KENNEY
Taken On: January 15, 1997

Reported by: Judy L. Gruber, CSR No. 2828, RPR
Certified Realtime Reporter

JOHN D. MC KENNEY,

called as a witness by and on behalf of the plaintiff, and having been first duly sworn by the Certified Shorthand Reporter, was examined and testified as follows:

EXAMINATION

BY MR. JOHN A. ARTZ:

Q State your full name and home address for the record, please.

A John Dill, D-i-1-1, McKenney, M-c K-e-n-n-e-y, P.O. Box 488, Arroyo Seco, A-r-r-o-y-o S-e-c-o, New Mexico, 87514.

MR. JOHN A. ARTZ: The attorneys have some things they want to put on the record. The first thing from the plaintiff's standpoint is that we had scheduled today, as a result of yesterday's depositions, we left three depositions to take today, Mrs. Kulp, Mr. Kulp, and Mr. McKenney. We are not going to take the deposition of Mrs. Kulp, we are going to dispense with that, so we are just going to go with the two depositions, Mr. McKenney and Mr. Kulp today.

And I think that defendant's counsel has a few things she wants to add to that.

MS. MARSHALL: Pursuant to court order, the antitrust claim that was asserted by defendant as a counterclaim was dismissed. It's defendant's position that

* * * * *

[Pages 5-7 omitted]

We will have to talk about as to what exactly we are going to do to make it convenient to ask a couple questions on the trademark issue to record it for posterity issues rather than reconvening the deposition. We will have to do it on a case-by-case basis.

MS. MARSHALL: We will have to take a look at that. Our position right now is that any issues that are not in the case should not be inquired into at deposition; however, I am certainly willing to discuss some deviations with that. It's not my intent to be uncooperative.

MR. JOHN A. ARTZ: This is off the record.

(Discussion held off the record.)

MR. JOHN A. ARTZ: Let the record reflect Mr. McKenney has been proffered by defendant as an expert on certain of the issues in this case and the defendants have served us with an expert report of Jack McKenney. He is here pursuant to notice as a result of his being designated as an expert witness in this case.

BY MR. JOHN A. ARTZ:

Q Mr. McKenney, what is your occupation?

A Consulting engineer and retired.

Q Would you state -- how old are you?

A 72.

Q How long have you been retired?

A I think we need a possible definition of

* * * * *

[Pages 9-20 omitted]

WindMaster. I have seen WindMaster signs.

Q You have never actually physically seen them at -- one of the physical products of Eastern Metals, Dickey Tool, Home Safety, or any of the other companies?

A Not that I recall.

Q That's through the whole time you have been a consultant for Traffix Devices?

A That's right.

Q You indicated you have seen an actual product of WindMaster. When was the occasion that you saw that, or first saw it, if there were more than one occasion?

A I'm not sure of the dates. It could have been as long as two years ago.

Q Was it before the lawsuit was started?

A I had no knowledge of any lawsuit until just recently. By "recent," I mean it was within the last month or two.

Q Was your first knowledge of the lawsuit about the time that you were asked questions relative to the functional issue which led to your statement on or about that time that you first learned of the lawsuit?

A I don't really -- I don't really understand that.

Q You said recently, within the last short period of time. I see your statement is dated December 20

1996. Was it on or about that date that you first became aware of the lawsuit?

A I think it was shortly before that. It was indicated to me that they wanted me to be an expert witness in defending their position on this, and it was sometime late last year.

Q Have you seen a Windmaster product since that time to the present time?

A I don't recall having seen one. Possibly driving down the highway, because there are thousands of them around. There are a lot of them.

Q How can you tell they are WindMasters?

A Well, I was acquainted with the WindMaster design for many years. They have two closely spaced vertical springs, is the predominant feature that identifies them.

Q That's when you are driving down the highway, then, and see a sign with two closely spaced coil springs, those are the WindMasters you are referring to?

MS. MARSHALL: I'm going to object, Counsel. That's not what the witness said. I think you're mischaracterizing his testimony.

BY MR. JOHN A. ARTZ:

Q Can you answer the question?

MS. MARSHALL: If you can, go ahead.

THE WITNESS: No, I -- that's -- that's the appearance that -- it's the WindMaster is the only one that I have seen that has the two vertical springs that are closely spaced.

BY MR. JOHN A. ARTZ:

Q So when you see a sign stand on the highway that has that' look, you know it's a WindMaster?

A Not necessarily. I was driving down to my home in Taos and I saw one beside the road that I recognized as a Traffix Devices stand.

Q Which Traffix Devices stand?

A The one that's in question here, the Windbuster.

Q Was that the first one you have seen on the road, the one recently?

A Oh, last fall I saw some of them around the Taos area.

Q The fall of 1996?

A '96, that's correct.

Q Prior to that time, the only ones you saw like that were the WindMaster?

A That's correct.

Q You said you had one in front of your house. What sign stand were you referring to?

A A Windbuster.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN'
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Case No: 95-CV-40230
Hon. Paul V. Gadola

The Deposition of WALTER KUCZERA, was taken in the above-entitled cause before me, Deborah LaCroix, a Court Reporter (CSR-1454) and Notary Public for the County of Wayne, State of Michigan, acting in and for the County of Oakland at 201 W. Big Beaver Road, Suite 400, Troy, Michigan, on Friday, August 9, 1996 commencing at or near the hour of 9:00 a.m.

APPEARANCES:

JOHN S. ARTZ
Brooks & Kushman, P.C.
1000 Town Center
22nd Floor
Southfield, Michigan 48075
(810) 358-4400
Appearing on behalf of
Plaintiff

WALTER KUCZERA

Called as a witness for examination under the Federal Rules of Civil Procedure after having been first duly sworn, by the Notary Public, was examined and testified as follows:

EXAMINATION BY MR. ARTZ

Q Mr. Kuczera, could you please state your name for the record and spell your last name.

A It's Walter Kuczera. And that's K-u-c-z-e-r-a.

Q Could you please tell us what your home address is?

A 1205 Via Visalia.

Q How do you spell Via?

A V-i-a. The second word is V-i-s-a-l-i-a.

Q What city is that in?

A San Clemente, California.

Q How old are you?

A I'm 57.

Q Are you here today in response to the notice of deposition of 30(b6)?

* * * * *

[Pages 5-6 Omitted]

A No. It was an accident.

Q Negligence?

A I'm not sure what the claim was.

Q You're currently employed at TrafFix Devices and are one of the owners, correct?

A That's correct.

Q What is your current title?

A Vice President of Marketing.

Q Can you go through your, you joined as I understand TrafFix Devices, in October 1986, is that correct?

A February of 1987.

Q February 1987. Okay.

Can you detail for me your prior employment history prior to joining TrafFix Devices?

A Prior to TrafFix Devices I had been national sales manager with a company called Pave Mark.

Q During what years were you employed there?

A That was a short duration. It was three or four months of 1986.

Q What was your title or principle responsibility there?

A National sales manager.

Q For what? What did Pave Mark do? What business were they in?

A They made thermoplastic pavement markings. Pavement

* * * * *

[Pages 8-48 omitted]

bust the force of the wind. And thus Windbuster was created and bantered about and discussed. And other names may have surfaced and this was the one that was retained as what we thought best described the product.

Q Do you know what some of the other names were that were considered by you and Mr. Kulp?

A I can't at this point.

Q Do you know how long this discussion that you just described between you and Mr. Kulp where you ultimately decided on the name Windbuster occurred?

A I would say the discussion process was perhaps 15 minutes.

Q Do you recall when approximately this discussion was?

A I would say approximately in the fall of 1993.

Q In response to one of plaintiff's interrogatories, which I'm not going to mark right now. Specifically in response to interrogatory number three. Take that back. In response to interrogatory number two it's indicated approximately October or November of 1993 the mark was selected. Is that consistent with your understanding?

A I believe that is correct.

Q You indicated previously that prior to joining TrafFix Devices you had at least heard of the mark Windmaster,

correct?

A That is correct.

Q Had you had more exposure to the mark or product Windmaster since you, after you joined TrafFix Devices?

A Yes.

Q And can you describe for me what your exposure to the Windmaster or familiarity of the Windmaster was after joining TrafFix Devices?

A Primarily seeing Marketing Displays at various trade shows we attended.

Q Did you ever see any of their products in the field?

A Yes.

Q Do you know on how many occasions?

A Numerous occasions driving down the highway.

Q How did you know they were a Windmaster sign driving down the highway?

A I would say I became more familiar with the products after seeing it at trade shows.

(Question repeated by court reporter)

Q Can you please answer that question?

MS. MARSHALL: I believe he was Counsel. I believe you cut him off mid stream.

MR. ARTZ: I don't believe he's answering the question but if you are I apologize.

Can you please answer it then?

A As I became familiar with, more familiar with the product after seeing it at trade shows I became more familiar and I believe I can identify it by going down the highway as a result of having seen these at trade shows and become more familiar with it.

Q So as you're driving by the highway and you're looking at it, it seemed to you to look the same as the ones you had seen at trade shows?

A That's correct.

Q So you were able to identify it by its look?

A I believe I would not be able to swear that I could identify a Windmaster sign in the field but I believe those that I saw were going down the highway as a result of trade show exposure.

Q As you were going down the highway in your mind having known what or seen what a Marketing Displays Windmaster sign looked like, as you were driving down the highway you looked at that sign you had no doubt in your mind that that was a Windmaster as you drove by that, correct?

MS. MARSHALL: I object.

You may answer.

You're characterizing the witness's

* * * * *

[Pages 52-56 omitted]

their passing out to their customers. And those would be, that's basically how that would be.

Q You don't do any advertising in papers or journals in California?

A We did no advertising.

(Off the record)

Q You were discussing trade shows, Mr. Kuczera. How many trade shows do you personally attend a year?

A Approximately 10.

Q Are they all across the country?

A Yes.

Q You attend trade shows where Marketing Displays is also present, correct?

A In some cases yes.

Q Not all of them though?

A I'm sorry?

Q Not every trade show that you go to is Marketing Displays always there?

A That's correct.

Q And other competitors are there as well, is that correct at certain trade shows?

A That's correct.

Q Can you identify for me who some other competitors are that you have seen at other trade shows within the last

couple years?

A Competitors?

Q Competitors that sell traffic sign stands.

A Bone Safety. Eastern Metals of Elmira. Bone Safety of Atlanta. Work Area Protection, St. Charles, Illinois. Sign-up Corporation. Pacific Safety. Service and Materials.

Q S & S?

A No.

Services and Materials in Elwood, Indiana.

Q I'm sorry.

A I believe that's it. In terms of people that we see at trade shows.

Q Are you aware of any other competitors who sell sign stands that you've not seen at trade shows?

A Yes. S & S. And there have been some in up state New York.

Q Have you ever heard of a company called Dickey Tool?

A Yes I have.

Q Have you ever seen them at any trade show?

A I've seen them at a trade show but I can't recall if they have any products in the sign stand area. They, I may have seen in the service and materials booth their

* * * * *

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

vs.

TRAFFIX DEVICES, INC.

Defendant.

Case No.: 95 CV 40230
October 22, 1996

DEPOSITON OF CECIL URSPRUNG

ATKINSON-BAKER, INC.
CERTIFIED COURT REPORTERS
330 North Brand Boulevard, Suite 250
Glendale, California 91203
(818) 551-7300

MS. JENITZA A. MOCHULSKY, COURT REPORTER

FILE NO.: 9620554

06119.

Q Can you state your name for the record?

A Cecil Earl Ursprung, Jr.

Q And how old are you, Mr. Ursprung?

A 52.

Q Could you summarize for me your education beyond high school?

A I have a Bachelor's in Business Administration from Baylor University, Waco, Texas. I have a Master's in Business Administration from Washington University in St. Louis, and I have completed some post-graduate work at the University of Michigan.

Q What was your post-graduate work in?

A Business.

Q Could you summarize your employment since the time you got your degree from Baylor?

A Um-um. I worked for a period of time for Anheuser-Busch when I was in St. Louis.

Q Can you tell me when that was, approximately?

A 1967, '68, and after that I worked for a couple of years for Container Corporation of America in Chicago.

Q When was that, approximately, can you tell me when that was?

A From '68 to '70, and then for about three years after that I worked for the Ecology Center in Ann Arbor, Michigan and I worked for CPHA in Ann Arbor, Michigan, in a marketing job.

Following that I worked for three years for Marketing Displays in Farmington Hills, Michigan.

Q Could you tell me about when that was, those three years?

A 1980 to 1983 and then for the last 13 years I have worked for Reflexite Corporation.

Q What was your job position when you worked at Anheuser-Busch?

A I was a market analyst in the Corporate Planning Division.

Q What were your responsibilities as market analyst?

A To analyze competitive data as well as data generated by Anheuser-Busch to help the company on its marketing strategy.

Q What was your position at Container Corporation of America?

* * * * *

[page 9 omitted]

A That is correct.

Q What was your position at MDI?

A Marketing Manager.

Q Was that always your position?

A Um-um.

Q What were your responsibilities as Marketing Manager of MDI?

A To provide the marketing programs for our representative and distributor sales force and to develop new markets for the company.

Q I'm going to come back to that, I'm just going to finish out your work experience. What is your position with Reflexite Corporation?

A President.

Q Has it always been your position?

A Yes.

Q I just want to get on the record, at Reflexite does Reflexite work with both Marketing Displays and Traffix Devices, Inc.?

A Yes, we do.

Q Were you assigned any specific products at MDI over which you had primary marketing responsibility?

A I had responsibility in the marketing

* * * * *

[pages 11-13 omitted]

A Yes.

Q Were those springs relatively closer than in the poster type Windmaster?

A Yes.

MR. ARTZ: Just so the record is clear, I think you said a rectangular sign.

MR. HOFFMANN: Diamond shaped.

MR. ARTZ: Same thing.

Q Was part of your responsibility at MDI to sell--strike that. Did you have primary sales responsibility for the Windmaster type signs?

MR. ARTZ: Object to the term primary sales responsibility unless you understand to what he is referring?

A Yes, maybe you had better ask that in a different way.

Q Did you have sales responsibility for the Windmaster signs?

A Yes.

Q Did you have contact with the end user or purchaser of the sign?

A Yes.

Q Was it your responsibility to sell the sign stand to the purchasers?

* * * * *

[pages 15-45 omitted]

recollection is none of them worked nearly as well as the Windmaster.

Q But as far as you know they worked satisfactorily, maybe just not as well as MDI Windmaster?

A They tried to compete for business.

Q Do you know if any of them were successful in taking any business away from MDI?

A Mr. Artz, I was the marketing manager at MDI. The--

Q I mean--go ahead, I'm sorry.

A The market for these devices is very large, and a number of factors affect the customer's buying decision. Performance was one, price was one, durability was one and relationships I'm sure played a role, and a number of manufacturers shared that market for those stands.

Q Would you say that the design, I'm talking about the physical, or the appearance of the MDI Windmaster is unique in the marketplace?

A Yes.

Q Have you ever seen any other design like it?

A During the period that I worked at MDI

the only other one that I was aware of was the device manufactured by Sign-Up. Since I have left MDI, there have been a number of similar devices in the marketplace.

Q Do you know if Traffix is one of those that you would characterize as similar?

A Yes, it is.

Q Similar in the way it looks?

A Correct.

Q I'm just trying to understand what you are saying.

MR. HOFFMANN: I'm going to object.

Q I'm trying to understand your testimony. When you say "similar," are you referring to its appearance?

A I think part of it is appearance and part of it is the performance that various manufacturers promote for their devices.

Q Did you ever promote the appearance of MDI's Windmaster?

A Yes, I did.

Q Do you recall what about it you would have or what in general you would have said to promote the appearance of it?

* * * * *

[page 48 omitted]

Q Where was that?

A Learsiegler Corporation.

Q Did Learsiegler happen to become a distributor for MDI for its Windmaster products?

A Yes.

Q Do you recall if you were involved in negotiating that distributorship agreement?

A Yes.

Q Do you know if Mr. Kulp was involved in negotiating the distributorship agreement on behalf of Learsiegler?

A Yes, he did.

Q Do you recall how big of a distributor Learsiegler was of Windmaster products?

MR. HOFFMANN: I object as vague.

A How big in what respect?

Q Do you recall if Learsiegler was one of the largest sellers of the Windmaster products of MDI's distributors?

A Yes, I do, and these--yes, they were.

Q Did you ever receive feedback from Mr. Kulp about the Windmaster product?

A Yes, I did.

Q Do you recall what Mr. Kulp would tell

you about the Windmaster product as to how they were received in the marketplace?

MR. HOFFMANN: I object as calling for hearsay.

MR. KERRIGAN: You can answer.

A Yes, I do.

Q What did Mr. Kulp tell you about how the products were received in the marketplace?

MR. HOFFMANN: I object as hearsay.

MR. KERRIGAN: You can answer if you recall.

A The performance was extraordinary and so was the price.

Q Do you recall Mr. Kulp ever saying anything about the appearance of the Windmaster product?

A I don't recall.

Q Now, when you were saying that before--I'm sorry, when I had asked you, were those comments that Mr. Kulp had heard from customers or were those comments that Mr. Kulp made to you from his own personal knowledge, if you recall?

MR. HOFFMANN: Object, calling for

* * * * *

[page 51 omitted]

each other at trade shows, conferences, there would usually be conversations and often part of those conversations would relate to sign stands.

Q Was this during his tenure at Learsiegler or was this after he had left and formed Traffix Devices?

A Both.

Q So you had conversations with Mr. Kulp about the Windmaster sign stand after he had left Learsiegler and was at Traffix Devices?

A Yes.

Q Do you recall the substance of any of those conversations?

A No, just "How is business," "What is new with your company," what is new with our company, "What is new in the marketplace," but I don't recall specific conversations.

Q Did you ever go on any sales calls with Mr. Kulp?

A Yes.

Q Do you know how many?

A Numerous.

Q So Mr. Kulp was frequently--strike that. You and Mr. Kulp were--strike that

again.

Mr. Kulp would have been present when you would have promoted the Windmaster product to customers and he would have been there when, to receive any feedback that customers might have had?

A Yes.

MR. HOFFMANN: I'll object. I didn't get a chance to interpose my last objection, but I'll object as compound.

MR. KERRIGAN: Can you repeat back the question?

(Requested portion was read by the Reporter.)

MR. ARTZ: I think that's a valid objection. I think maybe I should break that up.

Q Mr. Ursprung, is it true that Mr. Kulp would have been present with you on customer visits where you would have promoted the advantages of the Windmaster product?

A Yes.

Q Is it also true that Mr. Kulp would have been present with you to receive any feedback that customers may have had regarding

the Windmaster product?

A Yes.

Q So it's also true that Mr. Kulp would have been present to receive any feedback that, positive feedback that customers may have had regarding the performance and/or appearance of the Windmaster product?

A Yes.

MR. ARTZ: I don't have any more questions.

MR. HOFFMANN: I have a few follow up questions.

REDIRECT EXAMINATION

BY MR. HOFFMANN:

Q I would like to go back, I think early on Mr. Artz asked you about, or if you have knowledge about competitive wind resistant sign stands and I believe you mentioned Eastern Metals, Dickie Tool, Traffix Devices and Sign-Up Corporation, is that correct?

A Yes.

Q Do you know of any other competitive wind resistant sign stands?

* * * * *

[pages 55-61 omitted]

for speculation.

A He was introducing a design that he thought was an improvement and a better value than Windmaster, and I think maybe that model used springs, but in those days the Windmaster was achieving quite a success in the market and people were trying things other than a steel coil spring to make a sign wind resistant, and I just can't recall what it was he was doing, and my recollection is more of our conversation than it was on his device.

Q Last question. If you were to be driving down a freeway, would you be able to, and you saw, drove by a construction zone, would you be able to spot a Market Displays sign immediately?

MR. KERRIGAN: Object to that.

MR. HOFFMANN: Objection.

MR. KERRIGAN: To the extent it calls for speculation.

A The answer is yes.

MR. ARTZ: I don't have any further questions.

MR. HOFFMANN: I don't either. I want to thank you for your time.

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Civil Action No. 95- CV- 40230
Hon. Paul V. Gadola

DECLARATION OF RONALD LUNT

I, Ronald Lunt, hereby declare and state as follows:

1. I am submitting this Declaration in support of Marketing Displays, Inc.'s ("MDI") Motion relative to the design of the WINDMASTER sign stand and I am incorporating by reference, all statements made in my prior Declaration dated December 3, 1996.

2. As stated in my previous Declaration, I work for the City of Dover, Delaware as the Transmission and Distribution Manager, and have been employed there since 1988.

3 As the Transmission and Distribution Manager, I am responsible for preparing and do prepare the majority of all specifications for products that my department (the electrical department) needs to purchase.

4. I often prepare a specification, by copying the specifications from literature for a product that we currently buy, because I know that it will meet our desired criteria.

5. Once I prepare the specification, the specification then goes to the City's Purchasing Department whose job responsibilities include filling out the formal paperwork and sending it out in order to secure the appropriate product.

6. In mid-1995, I prepared a specification to obtain a quote for sign stands and some roll-up signs. I based my specification for the sign stands on two brochures that I picked up somewhere (I just recently came across the brochures again). One brochure was for the WINDMASTER product and one was for the WINDBUSTER product. My best recollection is that I picked up both brochures at a tradeshow.

6. While preparing the specification to purchase the sign stands, I had the two brochures in front of me. The products displayed in the brochures looked alike and had similar names. I thus believed they were in some way related.

7. Moreover, based upon my experience in preparing product specifications, sign stands are such a small portion of what the City of Dover, Delaware purchases, that very little care is taken with regard to purchasing sign stands other than to insure that what is purchased meets the specifications.

8. After I prepared the specification for the sign stand, I gave it to the Purchasing Department to fill out the final paper work and send out.

9. Based on my experience and in my dealings with other purchasers at City levels, it is my opinion that sign stands similarly constitute a small portion of what the majority of these purchasers buy. Moreover, based on my experience and dealings with various City purchasers, because they purchase such a small amount of sign stands, they also take very little time in making purchasing decisions for sign stands, other than to check that they meet specification and are in inexpensive.

10. When I began my employment with the City of Dover, Delaware, we had WINDMASTER sign stands on hand and they were being used in the field by our crews. I was thus familiar with their look and operation. Accordingly, when this issue was first brought to my attention, after the bid had been sent out, I assumed that the WINDBUSTER, by its looks, was just another product offered by MDI and was related to its prior sign stands.

11. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: 2/18/97

/s/ Ronald Lunt
Ronald Lunt
Transmission &
Distribution Manager,
City of Dover, Delaware

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Civil Action No.95-CV-40230
Hon. Paul V. Gadola

DECLARATION OF KENNETH L. HYDE

I, Kenneth L. Hyde, hereby declare and state as follows:

1. I am submitting this Declaration in support of MDI's Motion For Summary Judgment relative to the trade dress issue and was recently deposed on February 14, 1997.

2. I am currently employed by MDI as a Regional Sales Manager. My sales territory includes the Western United States and two Provinces in Canada.

3. As part of my duties and responsibilities as Regional Sales Manager, I make sales calls on various distributors and purchasers of MDI's products, including distributors and end users of the WINDMASTER and STEELMASTER products. I have also become familiar with the sign stands of various third parties that compete with the WINDMASTER and STEELMASTER products.

4. One of these competitors is TrafFix Devices and its competing products include its WINDBUSTER dual spring-mounted sign stand, and its springless wind-resistant "Traffix sign stand" (with a flexible sign panel).

5. Other competitors' products with which I am familiar include: (1) Sign-up Corp.'s "Power Cell" sign stand; (2) Eastern Metals flat-spring sign stand; (3) Dicke Tool's horizontal spring sign stand; (4) Services and Materials' "Quadra Flex" sign stand; and (5) Work Area Protection's 45 degree spring sign stand.

6. In my opinion, each of the competitive products listed in paragraph 5 above is equivalent in performance to MDI's WINDMASTER and STEELMASTER products and TrafFix's WINDBUSTER sign stand.

7. I base my opinion on the fact the many purchasers in my territory purchase and use these competitive products. I further base my opinion on the fact that I have lost sales of MDI's WINDMASTER and STEELMASTER product to most, if not all of these purchasers. The companies to whom I lose the most sales are Sign-up, Dicke, Eastern Metals, and TrafFix. Additionally, I find further support for my opinion that if these other products were not competitive with the WINDMASTER and STEELMASTER, then MDI would have all the sales of wind-resistant sign stands. However, this is not the case.

8. Moreover, each of the products listed in paragraph 5 is generally equivalent to MDI' s WINDMASTER and STEELMASTER products in cost. On many sales, MDI has been the high bidder and lost the sale to a lower bidder. Obviously, other factors also are important to some customers since in some cases, MDI has been the low bidder and still lost the sale to one of these competitors who had a higher bid.

9. While in the field selling MDI's products and at trade shows, I have spoken with and met various customers and distributors who have been confused by the appearance between MDI's WINDMASTER and STEELMASTER sign

stands on one hand, and TrafFix's dual spring-mounted sign stands on the other hand. The customers and distributors have exhibited confusion by, for example, seeing a TrafFix dual spring sign stand product and mistakenly assuming it is a WINDMASTER product or mistakenly assuming that it was made or sold by MDI.

10. These instances of confusion are numerous and happen frequently. It is hard to put an exact number on the amount, but I am certain that I am aware of at least twenty (20) instances of confusion between the parties' products. It is difficult for me to specifically identify each of the individuals by name who exhibited the confusion since the acts of confusion usually occurred as the persons walked by our booth at a trade show or as an engineer or contractor at a DOT made a passing comment. I am certain, however, that these acts did occur and that the comments reflected their state of mind.

11. Also, based on my experience dealing with customers and prospective customers, I have observed the level of care exercised by these purchasers in making purchasing decisions. The level of care varies from professional purchasers, who exercise a higher degree of care to very unsophisticated purchasers who exercise minimal care.

12. I declare that all statements made its this declaration are true, and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: February 27 1997

/s/ Kenneth L. Hyde
Kenneth L. Hyde

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

Civil Action No.95-CV-40230
Hon. Paul V. Gadola

DECLARATION OF SEAN P. NOONE

I, Sean P. Noone, hereby declare and state as follows:

1. I am submitting this Declaration in support of MDI's Motion For Summary Judgment relative to the trade dress issue and was recently deposed on February 12, 1997.

2. I am currently employed by MDI as a Regional Sales Manager. My sales territory generally includes the Midwestern United States.

3. As part of my duties and responsibilities as Regional Sales Manager I make sales calls on various distributors and purchasers of MDI's products, including distributors, Departments of Transportation (DOT) and end users of the WINDMASTER and STEELMASTER products. I have also become familiar with the sign stands of various

third parties that compete with the WINDMASTER and STEELMASTER products.

4. One of these competitors is TrafFix Devices and its competing products include its WINDBUSTER dual spring-mounted sign stand, and its wind-resistant "TrafFix sign stand" that does not have any springs.

5. Other competitors' products with which I am familiar include: (1) Sign-up Corp.'s "Power Cell" sign stand; (2) Eastern Metals' flat-spring sign stand; (3) Dicke Tool's horizontal spring sign stand; (4) Services and Materials' "Quadra Flex" sign stand; (5) Work Area Protection's 45 degree spring sign stand.

6. In my opinion, each of the competitive products listed in paragraph 5 above is equivalent in performance and cost to MDI's WINDMASTER and STEELMASTER products and TrafFix's dual spring-mounted sign stand. It is also my opinion that these products are equivalent in performance and cost to wind-resistant sign stands with the fiberglass cross-braces, such as the TrafFix sign stand".

7. I base my opinion on the fact the many purchasers in my territory purchase and use these competitive products. I further base my opinion on the fact that I have lost sales of MDI's WINDMASTER and STEELMASTER to most, if not all ,of these purchasers. The companies to whom I lose the most sales are Dicke, Eastern Metals, Work Area Protection, and TrafFix.

8. Since TrafFix's dual spring-mounted sign stand was introduced, I have encountered large numbers of instances of actual confusion by prospective purchasers and end users of the parties' products. These instances of confusion include the following:

a. Approximately five (5) instances of confusion in both 1995 and 1996 at the Fargo ATSSA "How-To" trade show, wherein prospective purchasers walked by MDI's booth and after seeing the WINDMASTER and/or

STEELMASTER sign stands, stated that they were already purchasing MDI's sign stands, or asked if we were associated with TrafFix.

b. Approximately six (6) instances of confusion at a North Dakota trade show in both 1995 and 1996. At this trade show, various representatives from the North Dakota Department of Transportation exhibited confusion between the look of the WINDMASTER and/or STEELMASTER sign stands and TrafFix's dual spring-mounted sign stands. They exhibited confusion in a similar fashion as indicated above, namely, by walking by MDI's booth, and after seeing our display, stating that they were already purchasing MDI's sign stands or asking if we were associated with TrafFix.

c. At least one instance at the Missouri "How-To" trade show in Kansas City which was held in either 1995 or 1996.

d. An instance of confusion at the South Dakota Department of Transportation in Rapid City, where I went out to check on a product because the customer (South Dakota DOT) told me that it was a MDI product. However, when I checked out the product, it was TrafFix's dual spring-mounted sign stand and not MDI's sign stand.

e. One instance of confusion at Northern States Power Utilities in Minnesota in January 1997, where I went into its garage location and after showing this customer one of MDI's products, I was told that they already purchased MDI's products. When they showed the products to me, however, it was not a MDI product, but instead a TrafFix sign stand.

f. One instance of confusion at Manitoba Hydro where I went to talk to their purchasing people, and they said that they were already purchasing MDI's products. They sent me to another garage location to look at the products and they were TrafFix's sign stands.

g. Another instance of confusion at the Kansas Department of Transportation where I set up a sample or

displayed a brochure to someone in their vehicle garage and was told that they were already purchasing our products. When I asked to see them, however, I was shown TafFix's sign stands.

h. There also have been numerous other instances of confusion, but I cannot recall where they occurred or who was the customer that exhibited the confusion.

i. In any event, it was clear to me by the comments and acts of these end users, that they had confused states of mind between the MDI and TrafFix products due to their identical product configurations.

9. Additionally, I am aware of another competitive wind-resistant sign stand. This sign stand is manufactured by Lang Products International, Inc. which is located in Cottage Grove, Minnesota. The Lang product has a springless sign stand, but has a wind-resistant sign with bendable fiberglass cross braces that allow the sign face to flex. The Lang advertising literature indicates that their sign stand can withstand winds up to sixty miles an hour. This sign stand is competitive with MDI's WINDMASTER and STEELMASTER products because the Minnesota Department of Transportation purchased a significant number of these sign stands in a competitive bid situation with MDI's sign stands.

10. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements, and the like are punishable by fine and imprisonment or both, under 28 U.S.C . § 1746

Dated: February 27, 1997 /s/ Sean P. Noone
Sean P. Noone

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,
Plaintiff,

v

TRAFFIX DEVICES, INC.,
Defendant.

Civil Action No.95-CV-40230
Hon. Paul V. Gadola

DECLARATION OF PETER J. SCULLEY

I, Peter J. Sculley, hereby declare and state as follows:

1. I am submitting this Declaration in support of MDI's Motion For Summary Judgment relative to the trade dress issue and was recently deposed on February 12, 1997.

2. I am currently employed by MDI as a Regional Sales Manager. My sales territory includes the Eastern United States.

3. As part of my duties and responsibilities as Regional Sales Manager I make sales calls on various distributors and end users of MDI's products, including distributors, Departments of Transportation (DOT) and end users of the WINDMASTER and STEELMASTER products. I have also become familiar with the sign stands of various

third parties that compete with the WINDMASTER and STEELMASTER products.

4. Competitors' products with which I am familiar include: (1) Sign-up "Power Cell" sign stand; (2) Eastern Metals flat-spring sign stand; (3) Dicke Tool's horizontal spring sign stand; (4) Services and Materials' "Quadra Flex" sign stand; (5) Korman's compression/tension "teeter-totter" spring sign stand; and (6) Work Area Protection's 45 degree spring sign stand.

5. In my opinion, each of the competitive products listed in paragraph 4 above is equivalent in performance to MDI's WINDMASTER and STEELMASTER products and TrafFix's dual spring- mounted WINDBUSTER sign stand.

6. I base my opinion on the fact the many purchasers in my territory purchase and use these competitive products. I further base my opinion on the fact that I have lost sales of MDI's WINDMASTER and STEELMASTER to most, if not all, of these competitors. The companies to whom I lose the most sales are Dicke, Eastern Metals, and Korman. Additionally, I find further support for my opinion that if these other products were not competitive with the WINDMASTER and STEELMASTER, then MDI would have all the sales of wind-resistant sign stands. However, this is not the case.

7. Moreover, each of the products listed in paragraph 4 is generally equivalent to MDI's WINDMASTER and STEELMASTER products in cost. In fact, in some of the sales referred to above, MDI has been the low bidder and lost the sale to a higher bidder. On other sales, MDI has been the high bidder and lost the sale to a lower bidder.

8. Attachment 1 hereto is a list of competitive wind-resistant sign stands that have been approved by the Maryland DOT and their respective manufacturers. The manufacturers of these competitive sign stands include Bone Safety, Dicke Tool Co., Eastern Metals, Flasher Handling, Lang Products, Korman Signs, Services & materials, MDI and TrafFix. This

list shows that there are a large number of competitors that sell comparable wind-resistance sign stands that appeal to and are purchased by customers.

9. Based on my experience with the various purchasers and prospective purchasers in the traffic control industry, the level of purchasing care varies from purchaser to purchaser. On the one end, some purchasers are professional purchasers and fairly sophisticated. However, even more purchasers are extremely unsophisticated in that they exercise minimal care when making a purchasing decision.

10. I declare that all statements made in this declaration are true and correct and are made with the knowledge that willful, false statements and the like are punishable by fine and imprisonment or both, under 28 U.S.C. § 1746.

Dated: February 27, 1997

/s/ Peter J. Sculley
Peter J. Sculley

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.

Plaintiff,

v

TRAFFIX DEVICES, INC.,

Defendant.

CIVIL NO. 95-CV-40230

HONORABLE PAUL V. GADOLA

MARKETING DISPLAY'S RESPONSES TO DEFENDANTS FIRST SET OF INTERROGATORIES TO PLAINTIFF NOS. 1-25)

Pursuant to Rules 26 and 33 of the Federal Rules of Civil Procedure, Plaintiff, Marketing Displays, Inc. ("MDI") responds to Defendant's, Traffix Devices, Inc. ("Traffix"), First Set Of Interrogatories To Plaintiff (Nos. 1-25).

GENERAL OBJECTIONS

1. Plaintiff objects to Defendant's definition of the term "MDI" or "Plaintiff" as encompassing individuals and/or entities over which MDI has no control.

2. Plaintiff objects to Defendant's definition of the term "sign stands" and "wind resistant sign stands" as vague, indefinite and, as understood, unnecessarily limiting.

3. Plaintiff objects to Defendant's definitions to the extent they seek to place a burden on Plaintiff that is greater than that imposed by the Federal Rules of Civil Procedure.

4. Plaintiff objects to this set of interrogatories to the extent it exceeds more than interrogatories totaling "25 in number including all discrete subparts" as limited by Fed. R. Civ. P. 33 (a).

5. Plaintiff objects to Defendant's Definitions and Instructions to the extent they are inconsistent with or seek information not covered by the Federal Rules of Civil Procedure.

6. Plaintiff objects to these requests to the extent they seek information and/or documents protected by the attorney client privilege and/or work product immunity. Such information and for documents will not be produced.

RESPONSES

INTERROGATORY NO. 1

Identify and describe each element or feature of MDI's traffic warning sign stands that MDI contends is proprietary trade dress of MDI.

Answer To Interrogatory No. 1:

Plaintiff objects to this interrogatory as overly broad, unduly burdensome, vague, and not likely to lead to the discovery of admissible evidence. Subject to these further objections and the General Objections, Plaintiff answers as follows:

Plaintiff's proprietary trade dress is comprised of (a) a relatively narrow base member; (b) a pair of vertically arranged closely spaced coil springs attached to the base

member; (c) a plurality of leg members attached to the base member and extending therefrom at angles thereof; (d) an upright member attached to the coil springs; and (e) a sign attached to the upright member.

INTERROGATORY NO. 2

Identify all patents and patent applications, domestic and foreign, of MDI which disclose or describe sign stands.

Answer To Interrogatory No. 2:

Plaintiff objects to this interrogatory as overly broad, unduly burdensome, vague, and not likely to lead to the discovery of admissible evidence as any of MDI's patents are not relevant to any issue in this proceeding. Subject to these further objections and the General Objections, Plaintiff answers as follows:

The identity of any of Plaintiff's patent applications is confidential pursuant to 35 U.S.C. § 122 and therefore need

Answer To Interrogatory No. 25:

Plaintiff objects to this interrogatory as overly broad, unduly burdensome, vague, and not likely to lead to the discovery of admissible evidence. Plaintiff further objects to this request as it exceed the 25 interrogatory limit prescribed by Rule 33 of the Federal Rules of Civil Procedure. Subject to these further objections and the General Objections, Plaintiff answers as follows:

The third party sign stands of which MDI is aware that have any of the features listed in this interrogatory are Bone Safety, Dickey Tool, Eastern Metal, and Sign-Up.

As to Objections,

BROOKS & RUSHMAN P.C.

/s/ John S. Artz
JOHN A. ARTZ (P 24679)
FRANK A. ANGILERI (P 45611)
JOHN S. ARTZ (P 48578)
1000 Town Center
Twenty-Second Floor
Southfield, Michigan 48075
(810) 358-4400

Dated: July 29, 1996

VERIFICATION

Under penalty of perjury, Lisa Sarkisian declares as follows

I am an officer of Marketing Displays, Inc., and a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the foregoing Responses to Defendant's First Set of interrogatories to Plaintiff (Nos. 1-25) and know its contents. The matters stated in it are true to the best of my knowledge and belief.

/s/ Lisa A. Sarkisian
Lisa A. Sarkisian,
Assistant Secretary,
MARKETING DISPLAYS,
INC.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

ROBERT SARKISIAN,

Plaintiff,

v.

WINN-PROOF CORPORATION,
et al.,

Defendants.

Civil No. 75-1131

JUDGMENT

Pursuant to the Opinion of this court dated June 15, 1978, as modified by the Order dated July 21, 1978,

It is ORDERED and ADJUDGED that:

1. United States Letters Patent No. 3,646,696 is valid.

2. Defendants' sale of sign stands which were put in evidence at trial infringe the claims of patent 3,646,696.

3. United States Letters Patent No. 3,662,482 is invalid to the extent that it claims a sign stand using preloaded coil springs already covered by patent 3,646,696, but is otherwise valid.

4. Defendants, their agents, servants, employees, attorneys, and those persons in active concert or participation with them, are hereby permanently enjoined and restrained from making, selling, soliciting, or filling orders in any

manner or using, either alone or in direct or indirect concert with others, prior to March 7, 1989, without the consent of plaintiff, any unanchored spring mounted sign stands, with a pair of spaced-apart springs extending upwardly from the base, including but not limited to the spring mounted sign stands identified by defendants by the names and models "Winn-Safe", "Winn-Proof", "WP-30", WP-32", "WP-48", "No-Tip", "NT-36", and "NT-48", and all other spring mounted sign stands which are the equivalent of any of the foregoing or a colorable imitation thereof.

5. This injunction and an accounting for damages are stayed pending the outcome of an appeal, provided that defendants file a timely notice of appeal and a supersedeas bond on appeal in the amount of $15,000.

6. Defendants' counterclaims are dismissed.

7. Plaintiff's claims for treble damages and attorney fees are denied.

8. Plaintiff is entitled to court costs to be assessed by the clerk.

Dated this 9th day of August. 1978.

/s/ Otto R. Stopil, Jr.
United States District Judge

[COUNSEL] [FILED]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

ROBERT SARKISIAN

Plaintiff,

v.

WINN-PROOF CORPORATION
WILLIAM A. WERNER, AND
WER-NEL ENTERPRISES, INC.

Defendants.

Civil Action No. 75-1131

PLAINTIFF'S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

I. FINDINGS OF FACT

1. This is an action for patent infringement arising under the Patent Laws of the United States, Title 35, United States Code, and includes claims for wilful and wanton infringement, false patent marking, unfair competition, fraud on the Patent Office and patent misuse. Jurisdiction and venue are proper, 28 U.S.C. §§1338 (a), (b), 1400 (b). (PTO I)

2. Plaintiff Robert Sarkisian is an individual residing in Bloomfield Hills, Michigan and is the founder, President and owner of Marketing Displays, Inc., a Michigan Corporation having its principal place of business in Farmington Hills, Michgian. (PTO II, 1; Sarkisian St. 1)

3. Defendant William Werner is an individual residing in Salem, Oregon. (PTO II, 2)

4. Defendant Winn-Proof Corporation (and its successor Winn-Safe Corporation) is an Oregon Corporation having its principal place of business in Salem, Oregon. Winn-Proof was founded by Werner in June, 1975 and Werner was President thereof for most of its existence. All of the officers and directors of Winn-Proof resigned in early 1976 and that company is no longer active. (PTO II, 3)

5. Defendant Wer-Nel Enterprises, Inc. is an Oregon Corporation having its principal place of business in Salem, Oregon. Wer-Nel was founded by Werner in June, 1976 and he has been the President since its inception. (PTO II, 4)

6. Plaintiff has charged defendants with wilful and deliberate infringement of United States Patent Nos. 3,646,696 and 3,662,482 which issued to and are owned by Sarkisian. (For convenience, these patents will be referred to hereafter as the '696 and '482 patents.) Plaintiff has also charged the defendants with false patent marking in violation of 35 U.S.C. §292. The defendants have counterclaimed for declatory judgments pursuant to 28 U.S.C. §§2201, 2202 that the two patents in suit are invalid and not infringed, that

plaintiff obtained the '482 patent by fraud on the Patent Office, and that plaintiff is guilty of patent misuse. (PTO I; PX 1, 2; Amended Complaint, Answer and Counterclaim)

7. The '696 and '482 patents in suit relate to unanchored, readily portable spring-mounted sign stands which are stable and untippable regardless of the wind conditions. These sign stands are often called curb stands and are positioned outdoors typically adjacent a roadway or a place of business to present safety warnings or advertisements to persons and vehicles passing by. (PX 1, 2; Beaman St. 1-2; Sarkisian St. 2, 5-6)

8. The patented sign stands have an upstanding sign display which exposes a relatively large surface area to wind forces, an unanchored base portion with a pair of spaced-apart elongated leg members, and a pair of springs connecting the sign display and base and having certain characteristics in relation to the sign and weights of the other sign stand components. The pair of springs are arranged in a spaced-apart non-concentric relationship to prevent canting or twisting of the sign display about its vertical axis. (PX 1, 2; Sarkisian St. 5-6; Beaman St. 1-2)

9. The relationship between the surface area of the sign display, the weights of the various components, the distance of the components from one another, the characteristics of the springs, and the length of the base, are such that the sign display remains vertically upright in little or no wind, does not osciallate back and forth, does not yield until slightly before the sign stand would otherwise be blown over, and deflects, without tipping over the entire sign stand. The proportioning and interrelationship of the components is such that in effect the sum of the moments tending to tip the sign over resulting from the weight of the frame, springs and wind force is less than the sum of the moments of the display sign stand resisting such tipping. (PX 1, 2; Sarkisian St. 5-6; Beaman St. 1-2)

10. Uncontradicted evidence at the trial shows that the patented sign stands as disclosed and covered by the claims in issue possess the following characteristics, elements and features which coact to produce, novel and highly advantageous results (Chart PX 77; Beaman Tr. 219-226):

(i) An unanchored sign stand which resists displacement by the wind (sliding or tipping over) through locating the center of gravity of the vertical sign structure so that at all times it remains within the outside perimeter of the sign stand base.

(ii) A readily-portable wind-stable sign stand having an elongated, unanchored and lightweight base supporting a vertical sign structure.

(iii) A stand carrying a sign of sufficient area such that it would be tipped over by wind forces in the absence of means for providing downward deflection of the sign structure relative to the base.

(iv) a sign stand provided with spaced non-concentric springs supporting the vertical sign structure in order to resist twisting and to define a pre-determined direction for sign deflection.

(v) A sign stand with coil springs, the preload (or initial tension) of the springs being adjusted to correlate the initial deflection of the spring supported sign with the force of the wind.

11. Marketing Displays, under license from Sarkisian, manufactures and markets several models of sign stands called "WindMaster" which are of the types disclosed and claimed in the patents in suit. (PTO II, 9; Beaman St. 1-3; Sarkisian St. 1-2; Tr. 117-118; PX 63-65)

12. The "WindMaster" sign stands are very versatile, being capable of use in a wide variety of situations. Marketing Displays predominantly markets the "WindMaster" sign stands for the construction industry and for general advertising and display purposes. The construction-type sign

stands have foldable legs and removable signs so that the units can be easily stored and adapted to display various highway warning messages. The general purpose-type sign stands have rigid (unfoldable) legs and a permanently affixed display sign. Marketing Displays first sold a general-purpose type sign stand in late 1967 and designed its first construction-type sign stand in 1968. (Sarkisian St. 5-6, 8, 12; PX 16-22, 56; PX 63-65)

13. As shown at trial, all of the various "WindMaster" sign stands incorporate all of the features, perform in the same manner, and achieve the same results as the sign stands disclosed and claimed in the '696 and '482 patents. The operational performance of the "WindMaster" sign stand was dramatically demonstrated in high winds which was filmed by the plaintiff and shown at the trial. The "WindMaster" sign stands, both the construction-type and general purpose-type, were placed directly behind an airplane in its propeller wash. Even with the engines at full throttle, which created wind forces as high as 80 miles per hour, all of the "WindMaster" sign stands remained stable. The wind forces merely bent the display sign over relative to the unanchored base and the sign stands did not turn sideways, "walk", or tip over. (Tr. 117-118; PX 63-65; Beaman St. 3-4; PX 72, 72A; Broff St. 5-7; Sarkisian St. 7-8).

14. The evidence shows that the sales of the "WindMaster sign stands from 1967 to date totaled over $2,200,000. (Sarkisian St. 8)

15. Claims 3-5 of the '696 patent and claims 1 and 2 of the '482 patent are the only claims asserted by plaintiff to be infringed by defendants and thus are the only patent claims in issue. (PTO II, 10-11; Beaman St. 1-2, 4)

16. In the embodiment of the invention defined by claims 3-5 of the '696 patent, the spring structure for vertically supporting the sign display comprises a pair of coil springs and utilizes residual stress, or compressive pre-loading, of a predetermined amount between the coils for

maintaining the sign display upright while resisting wind forces less than those which would result in tipping over of the sign stand. At trial, plaintiff's patent and technical expert, Townsend F. Beaman, performed a demonstration of the pre-loading characteristics of the coil springs on a test apparatus that he had devised and constructed (PX 71; Tr. 119-124). For different size signs, adjustments in this residual stress or pre-loading are made in the manufacture of the spring. In the absence of such structure, which enables the normally vertical sign frame to bend over under the influence of a wind force of a predetermined amount, the sign stand would otherwise tip over in such wind force. Further, when the sign display does deflect under high wind forces, because of the geometrical relationship stated to exist among the sign stand components, the unit remains stable in the bent over position even though it is unanchored and can have a virtually weightless base. (Beam St. 1-4; PX 1, 71, Tr. 115-124; Sarkisian St. 5-6)

17. In the embodiment of the invention defined in claims 1 and 2 of the '482 patent, the specific type of springs utilized is not expressed, but the combination and correlation of elements forming the sign stand is defined by a specific formula. That formula allows the sign stand to have an unanchored, virtually weightless base and yet, due to the combination and correlation of sizes, weights and leverage of the components, allows it to remain stable under wind forces with out turning, sliding or tipping over. (Beaman St. 1-4; PX 2; Tr. 116-117).

18. The '696 patent issued on March 7, 1972 to Sarkisian as the inventor on an application filed on September 11, 1967. (PTO II, 5 ; PX 1, 49)

19. The '482 patent issued on May 16, 1972 to Sarkisian as the inventor on an application filed on July 30, 1970. The application which eventually issued as the '482 patent was a properly designated and timely filed "continuation-in-part" (CIP) application related to the then copending application which later issued as the '696 patent. (PTO II, 6; PX 2, 51; Beaman St. 1)

20. The end two-month portion of the '482 patent was dedicated to the public when Sarkisian filed a terminal disclaimer. This shortened the term of the '482 CIP patent and it expires on the same date as the parent '696 patent. (PTO II, 7; PX 51, pg. 41-43) .

21. The respective disclosures of the '482 and '696 patents are substantially the same, except for the addition of Figures 7, 8 and 9 in the '482 patent. Figures 8 and 9, however, are identical to original Figures 1 and 2 of the '696 patent with the sign stands being viewed from the side rather than in perspective. All of the basis for the '482 patent, with the to exception of that pertaining to Figure 7, is contained in the application for the '696 patent as originally filed in 1967. Figure 7 was newly added to the '482 application and depicts an alternate embodiment of the Sarkisian invention (a sign stand construction using flat springs) not involved in this action. (Beaman St. 1; PX 1, 2; Tr. 125-128, 200-202)

22. All of the subject matter of the '482 CIP patent, with the exception of that pertaining to Figure 7, is entitled to the benefit of the September 11, 1967 filing date of the parent '696 application. Although the '482 application is described as a "continuation-in-part" of the '696 application, the only added "new matter" to warrant such designation was the disclosure relating to the flat spring embodiment shown in Figure 7. The entire essence of the '696 patent application is that due to the relationship or the sizes, weights, characteristics and correlation of the various sign stand components, as well as the characteristics of the spring assembly, the sign display will deflect, and the unanchored, readily portable sign stand will not slide or blow away when exposed to a wind force of high magnitude. The '482 application merely states in mathematical terms the correlation and interrelationship between the various sign stand components and conditions which must exist in order for the sign stand not to tip over when deflected in the manner shown in original Figure 2 of the '696 application. The mathematical notations and formula in the '482 patent which

form part of claims 1 and 2 thereof in issue, are inherent from the specification, drawings and claims of the '696 application as filed. (Beaman St. 1; Tr. 125-128, 200-202; PX 1, 2) The defendants' technical expert, William P. Allen, did not dispute the inherency of the formula in the '696 disclosure, but essentially adopted it. (Allen St. 14, 20)

23. Since both patents in suit expire on the same day and have the same effective filing date, they can, for purposes of this suit be viewed as the equivalent of a single, patent having five claims of various scope which are asserted against the accused products of defendants. (Tr. 126)

24. The patented sign stands were designed and developed by Sarkisian in 1967. They were developed to overcome the longstanding problems and safety hazards then present in the outdoor retail and construction sign fields relative to tipping and "walking" of unanchored sign stands. Prior unanchored sign stands were generally of the "A-frame"-type or the "I-frame"- type. The "A-frame"-type sign stands look like a capital "A" from the side with two sign display panels connected at the top and spaced apart at the bottom. These sign stands either rest on the bottoms of the two panels or on legs which project from or are attached to the bottoms of the panels. The "I -frame" -type sign stands have a vertical sign support attached to the middle of an elongated base, such as a pair of legs. The vertical sign support is typically a frame with a sign mounted in it. Some signs are mounted rigidly in the frame, while others are hung by a pair of hooks from the tops of the frames like pendulums, or divided into a plurality of sections like louvers, each louvered section pivoted on a horizontal rod. The frames for the "A"-type and "I"-type sign stands are typically made of angle irons, tubular metal, or wood. (Sarkisian St. 2-6; PX 34; Reams St. 2-5).

25. All of these prior art unanchored sign stands are subject to being moved to unwanted positions and tipped over by wind forces caused either naturally or by gusts created from passing vehicles. The sign stands with pivoted or freely

hanging signs sometimes work slightly better in the wind than the sign stands with the fixed or rigid signs, and were designed for this reason, but still turn over easily when the winds are strong. With the latter sign stands the swinging signs and panels often act as sails or airfoils which assist in raising the stand from the ground, sliding it along the surface, and tipping it over. Also, the constant swinging and pivoting of the signs in these prior stands, when combined with the environmental conditions, results in premature failure, particularly at the sign stand pivot points. (Sarkisian St. 2-6; Reams St. 2-5)

26. In order that these conventional-type sign stands not be mispositioned or blown over by the wind, various types of weighted objects, such as old tires, bricks, cinder blocks, sand bags, etc. are put on them to hold them down. This practice, however, defeats the purpose of having a relatively simple, easily portable sign stand and also results in an unattractive, unreliable and bulky device. Also, sometimes the curb stands are bolted to or embedded in the surface they are on, but they then cease to be portable and freestanding when that is done. (Sarkisian St. 4; Reams St. .4)

27. When sign stands tip over, they invariably will be damaged with the sign panels and supporting apparatus being bent and often destroyed. Also, curb signs are usually placed along roadways and public right-of-ways for maximum visibility. If one of these is blown or slid into the path of traffic, which is not uncommon, the consequences to the vehicles and persons involved, not to mention the damage to the sign itself, are readily apparent. (Sarkisian St. 4; Reams St. 4-5)

28. When used in the construction industry in particular, freestanding curb signs are used as warning signs -- both to protect the construction workers and the public passing by. Again, the serious consequences to the construction workers and the public from warning signs which are turned over and thus not readable, or are slid to positions where they should not be, are apparent. Where "A-

frame" or "I-frame" type construction warning signs are utilized today, they have to be weighted down in some manner, usually by sand bags, to prevent them from being tipped over by the wind. Thus, substantial time, labor and expense are devoted by the construction crews merely in transporting, positioning and later picking up the sand bags (Sarkisian St. 4-5; Melesio St. 4-5; Tr. 61-62)

29. The improvement of the patented sign stands over conventional "A-frame" and "I-frame" sign stands was shown dramatically at trial. Plaintiff previously, in 1967 and again in 1977, conducted wind tests behind an airplane which compared the operation and performance of the patented sign stands with various types of conventional sign stands. These tests were filmed and the film was shown at the trial. (PX 72, 72A; Tr. 16-24) At relatively low wind forces, on the order of 20-30 miles per hour, the conventional sign stands either blew over, "walked" backward a significant distance, or "walked" backward and also turned sideways to the wind flow. In one case, an "A-frame"-type sign stand was first blown over to a collapsed condition, and then picked up, violently torn apart, and thrown many hundreds of feet by the wind forces. In another case, an "I-frame"-type sign stand with a hanging pendulum sign was tipped over at a relatively low wind force and then carried downstream by the wind many hundreds of feet. In contrast, the patented "WindMaster"-type sign stands performed perfectly in wind forces that reached as high as 80 miles per hour. None of the "WindMaster" construction and general purpose sign stands walked, tipped-over or turned sideways; all of them remained stable and precisely in place. (PX 72, 72A; Tr. 16-24; Sarkisian St.. 7-8; Broff St. 5-7; Beaman St. 3-4)

30. The patented sign stand solved the major problems and satisfied the long felt need for wind stability combined with ready portability theretofore present in the outdoor sign stand industry. Although various other types of prior art sign stands were demonstrated and cited by defendants at trial, none was successful in solving the wind-stability problems

with unanchored, lightweight sign stands. (Melesio 3-4; Reams St. 5; Sarkisian St. 2-5)

31. The prior art relied upon by defendants in their attack on the validity of the '696 and '482 patents is no more pertinent than that considered in the Patent Office during the prosecution of the two patents in suit. (Tr. 225-226; PX 77;

Beaman St. 2-3; PX 50)

32. The prior art references relied upon by defendants are at best merely cumulative to the references before the Patent Office which were considered by the Patent Examiner. This is clearly shown in a chart prepared by plaintiff's expert witness, Mr. Beaman (PX 77). That chart compared each of the eighteen references cited by defendants and analyzed them relative to the five interrelated features and advantages of the Sarkisian patents (see Finding No. 10). Only three of the defendants' references, namely Thomson, No. 1,541,200, Mueller, No. 1,750,118 and Bigelow No. 1,256,349, disclosed or suggested as many as two of those features. However, the Thomson and Mueller patents were before the Patent Office during the prosecution of the patents in suit, while a review of the Bigelow patents shows that it is even less pertinent than these other two patents. (Tr. 219-226; PX 77; DX 509, 511).

33. Not one of the prior art patents relied upon by defendants discloses a construction having more than two of the five features and advantages of the Sarkisian patents referred to above, and not one of the prior art patents discloses or embodies one of the important features of the sign stand disclosed in the Sarkisian patents, namely the adjusting of the preload or initial tension of the springs, to correlate, for signs of different sizes, the intial deflection of spring-supported signs with the force of the wind. (Chart PX 77; Tr. 219-226)

34. Perhaps the most pertinent prior art patent cited by defendants which was not before the Patent Office is Trump, No. 2,144,038. However, that patent relates to a spring mounted aerial which is permanently affixed, that is, anchored, to vehicles, particularly tanks. The aerial spring has

some residual tension imparted between the coils which is used to protect the aerial against the mechanical violence of roughground, vibration and collision. (Beaman St. 2; Tr. 141-142, 148-149; DX 522)

35. Sarkisian, of course, was not the first to develop a portable sign sand suitable for outdoor use. The structures shown in the Mueller and Bigelow patents, as well as the Webb patent, No. 626,256, relate to such prior art efforts. Also, the use of one or more springs to return a sign to a vertical position, following impact or collision, was known in the patent literature prior to Sarkisian's invention. For example, Hood, No. 2,165,704, Watts, No. 1,267,021 and Watts No. 1,487,635, illustrate this. However, in these as well as in all of the other patents cited by the defendants, the Sarkisian concept of a readily portable, unanchored sign stand, stable under high wind conditions, and capable of having a virtually weightless base, is wholly lacking. (Beaman St. 2-3; DX 510, 511, 512, 516, 517, 520).

36. Defendant took the position at trial that the prior art sign stands having weighted bases were "unanchored" and "readily portable". Patents showing this type of sign stands are Hood, Bigelow, the two Watts patents, and Donovan, No. 2,164,680. Mr. Beaman's uncontroverted testimony, however, based on his own personal observation and experience, as well as his expert opinion, explained that the defendants' position had no merit. The bases on these prior art structures were purposely made as heavy as necessary, on the order of 50 - 75 pounds, to prevent them from being tipped over if struck by a vehicle. The substantial weight and size of the bases also prevents them from being picked up easily; usually they are rolled from one position to another. (Tr. 206-207) Thus, these structures are effectively anchored, not readily portable, and do not disclose or suggest the concept of the Sarkisian patents in suit. Moreover, the weight of the base of each of these prior art patents is absolutely necessary for stability of the structure. (Tr. 150-152, 206-207, 401-402; DX 510, 516, 517, 520, 524)

37. Defendants own technical expert witness, William P. Allen, admitted at trial that in none of the prior art patents cited by defendants was the weight of the base irrelevant to the stability of the device. All of the various prior art sign stands either were anchored (i.e., fastened) to the ground, or relied upon the weight of the base to maintain their stability. On the other hand, Mr. Allen admitted that the Sarkisian sign stand base could be as lightweight as possible within the confines of necessary rigidity, and thus the weight of the base was of no consequence for stability. (Tr. 401-402).

38. There is no evidence that any of the various sign stands and devices disclosed in any of the prior art references cited by the defendants, with the possible exception of the Thomson patent which discloses a relatively convention "I"-type sign stand (DX 509), was used commercially. This is particularly true relative to the few spring mounted structures in the patent literature. The defendants' references thus must be considered "paper patents".

39. Plaintiff's film depicting the performance of the "WindMaster" sign stands and the comparison between such sign stands and conventional (prior art) sign stands was an accurate representation of the subject matter (Tr. 219). In fact, at trial, the dependants did not object to the film or the tests on that basis; in fact it would have been difficult to do so since the tests were initially set up and certified by an independent testing company, Detroit Testing Laboratory, Inc., of Detroit, Michigan (PX35). The defendants only alleged fault with the plaintiff's tests was that comparison tests with any spring mounted sign stands were made. Indicated above, however, there are not any spring mounted sign stands commercially available (other than the "WindMaster" and accused devices in suit). The testimony of Mr. Reams, who had over twenty years of experience and knowledge in the sign stand industry prior to 1967, affirmed this (Tr. 50). Moreover, Mr. Beaman made and tested a scale model of a spring mounted sign stand in accordance with the Hood patent and testified that it performed and operated in a

substantially different manner than the Sarkisian invention. (Tr. 192-196) In the Hood sign stand, the. mass and weight of the base prevents it from being displaced when the sign is deflected (Tr. 216). (PX 35, 37, 72, 72A; Tr. 5O-51, 219; Sarkisian St. 7-8; Broff St. 5-6)

40. Prior to the invention of the sign stands disclosed in the Sarkisian patents in suit, there was nothing in the very old sign stand art that suggested how one could make a sign stand that was unanchored, readily portable, spring mounted, stable under all wind conditions, had a sign display which would not oscillate back and forth and would not deflect until shortly before the entire stand would otherwise tip over, had a virtually weightless base, and correlated the preloading of the springs to the characteristics of the other components. After Sarkisian' solution is known, it might be possible to take bits and pieces of an assortment of prior art devices from many different areas and come up with a sign stand resembling Sarkisian's. There is no evidence that anyone thought of or suggested such a device, however. Further, the fact that no one did in over seventy-five years (the 1899 Webb patent (DX 512) is the earliest reference relied upon by defendants), is clear evidence that Sarkisian's solution to the wind problem in the outdoor sign stand field was not an obvious concept. (Beaman St. 1-4)

41. There also is no evidence that anyone suggested or used at all prior to 1967 single extension-type coil springs with initial preload in the manner or for the purpose devised by Sarkisian. Pre-loaded closely wound helical extension springs, although known in the prior art, had found very little application prior to Sarkisian's development of the "WindMaster" sign stand (Tr. 147). Mr. Beaman found, from his study of the spring art, that the "WindMaster" concept uses such a spring in an unusual manner not found elsewhere in the art (Tr. 214-215). Defendants' expert, Mr. Allen, did not contradict this testimony as he could point to no specific instance in which a spring of this type had, without the use of a secondary or auxiliary spring or other artificies been used

for the purpose and in the manner utilized by Sarkisian in his sign stand. (Tr. 373-374; 418,422).

42. Full and careful consideration has been given to the scope and content of the prior art represented by the references cited by the defendants, to the differences between the prior art and the claimed subject matter of the Sarkisian patents, and to the level of ordinary skill in the art.

43. There is nothing in the prior art which would lead one of ordinary skill in the art prior to the Sarkisian invention to have conceived that invention. The Sarkisian invention would not have been obvious at the time it was made to a person having ordinary skill in the art.

44. Defendants offered no testimony from persons skilled in the art that the subject matter of the Sarkisian patents would have been obvious. The only witness who attempted to do so was defendants' expert, Mr. Allen, who was a professional engineer without any skill, background or knowledge in the sign stand art, and who applied an improper and unfounded standard in evaluating and analyzing the validity of the Sarkisian patents. In Mr. Allen's erroneous view, a patent is invalid if all of the components of the patented device are readily available in the marketplace (can be purchased commercially), while a patent is valid, (like his own issued U.S. patent on a collapsable projection screen) if any of its parts are not readily available (i.e., have to be hand or specially made). (Tr. 373-378; 429-435)

45. In contrast, plaintiff presented at trial the testimony of a number of witnesses who all testified in various degrees as to the unobviousness of the Sarkisian invention. Probably the most important of these witnesses was Bernard L. Reams, the President of Allen-Morrison, Inc., of Lynchburg, Virginia, which is the largest company in the nation in the outdoor sign stand field. Mr. Reams had over twenty years of experience in the sign stand field prior to Sarkisian's invention in 1967 and testified that he was both surprised and impressed with the patented invention when he saw it. He stated that it was a

"completely innovative, unique development" in the field that "solved completely the long-standing problems of free-standing curb stands sliding or blowing over in windy conditions". He went on to conclude that Sarkisian's development was an important and meritorious improvement in the outdoor curb stand field". (Reams St. 1-5; Tr. 47-51)

46. Mr. Ruben Melesio, the Vice-President of Warning Lites of Illinois, of Addison, Illinois, had many years of experience and familiarity with construction-type sign stands before he first saw any of the "Windmaster"-type construction sign stands. He testified that the "Windmaster" concept was a very meritorious idea and overcame the serious problems theretofore prevalent in the construction industry of warning signs constantly blowing over in the wind. The "WindMaster" sign stands eliminated the costly, routine and laborious task of weighting down each and every warning sign and barricade with cinder blocks, sand bags or similar heavy objects. Mr. Melesio opined that the "WindMaster" sign stands eliminated the cost and time of one extra worker and one extra truck for every 20 warning signs used on each highway construction job. (Melesio St. 1-5; Tr. 60-62; PX 40)

47. Also, plaintiff's expert, Mr. Beaman, who is a patent attorney with over forty-five years of experience in evaluating and analyzing patents, and in conducting infringement and validity investigations, testified that he did not find the concept of the Sarkisian invention disclosed or suggested in any manner in the prior art. Further, based on background, expertise and reasonableness of position, the testimony of plaintiff's expert, Mr. Beaman, is much more persuasive and entitled to much more weight than the testimony of defendants' expert, Mr. Allen (Beaman Statement of Qualifications; Beaman St. 2-3).

48. The testimony of Clifford A. Sousa, the manager of Marketing Operations of Phillips Petroleum Co., of Bartlesville, Oklahoma, and Robert S. Broff, Product Manager for Marketing Displays, further supports the unobviousness of the patented invention. Mr. Sousa

purchased a large number (8,500) of "WindMaster" units in 1969 for all of the Phillips Petroleum service stations through the country because his company found that they were much more "advantageous and safe" than any of the conventional types of curb displays previously known and used for service stations and related enterprises. Mr. Broff, while in the United States Air Force in 1973 and head of part of its national advertising program, tested and evaluated all of the then commercially available sign stands and selected the "WindMaster" units for purchase by the Air Force because such units had "far more benefits and advantages than any other type or form of sign stand". Over 3,300 of these unanchored, readily portable "WindMaster" sign stands were purchased by the Air Force and positioned at all of their recruiting offices throughout the nation. (Sousa St. 1-2; Broff St. 1-4)

49. The Sarkisian invention achieved unique, beneficial, unexpected and surprising results. This is evident from its operation and performance, its differences over the teachings of the prior art, and the recognition and tribute accorded to it the industry. Moreover, the uncontroverted testimony of Mr. Reams, a person of ordinary skill in the art, brought out that he was "very surprised" that the "WindMaster" sign stands performed like Mr. Sarkisian stated that they would. Mr. Reams also stated that the Sarkisian sign stands performed in a manner that was "unexpected" and different, from his knowledge and skill in the art up to that time (1967). In fact, in order to check on the accuracy of and substantiate Sarkisian's claims that the "WindMaster" units would not walk or turn over in high wind conditions, Mr. Ream's company, Allen-Morrison, tested the units behind an airplane. The "Windmaster" units performed precisely as stated. (Reams St. 1-5; Tr. 47-51)

50. Sarkisian's inventive "Windmaster" sign stands have achieved wide-spread recognition and success in the marketplace. As stated earlier, the first sales of the "WindMaster" units were made in late 1967 and Marketing

Displays has sold over $2,200,000 of them to date. These sales have been to such well established companies as Amoco, Continental Oil Co., Exxon, Sun Oil Co., Dr. Pepper, Coca Cola, Phillips Petroleum, General Motors Pontiac Division and the U.S.A.F., and the sign stands have been used by these companies at various retail outlets, service stations, dealerships, recruiting offices, and construction sites, throughout the United States. (Sarkisian St. 8; Sousa St. 1-2; Broff St. 1-4; PX 18, 20)

51. The wide-spread recognition and universal acceptance that the "Wind-Master" sign stands have achieved is also shown in many other ways:

(a) In April, 1977, Penn-Chem Corp., of Lancaster, Pennsylvania, entered into a royalty-bearing license to manufacture and sell sign stands under the '696 and '482 patents. (O'Brien St. 3; Sarkisian St. 9; PX 47)

(b) Further, in February, 1975, a competitor, Thomas Display Holders, Inc., of Wilkes-Barre, Pennsylvania, in terminating an action for patent infringement commenced in 1972 in the Federal District Court in Pennsylvania, entered into a Consent Judgment admitting infringement of both the '696 and '482 patents. (Sarkisian St. 9; PX 38)

(c) In September, 1976, Sunset Manufacturing Co., of Tualatin, Oregon, who had been one of the original defendants in the present action, entered into a Consent Judgment and Injunction which admitted infringement and validity of the two patents in suit. Sunset Manufacturing had manufactured a number of "Winn-Proof" and "Winn-Safe" sign stands for defendants Werner and Winn-Proof. Also, two of the principal owners and officers of Sunset at that time, namely Jim and Ron Warren, were, at the same time, majority stockholders of Winn-Proof. (PTO II, 12; Warren St. 1-2; Sarkisian St. 9)

(d) In addition, approximately twenty companies in the sign and construction industries, including many of the largest in the United States, have become distributors or customers of the "WindMaster" sign stands. These companies include Allen-Morrison in Lynchburg, Virginia, Warning Lites of Illinois in Addison, Illinois, Stout Sign Co. of St. Louis, Missouri and Cassel Company, Inc., in Napa, California. (Sarkisian St. 9-10; Reams St. 2; Melesio St. 1)

52. Throughout the ten years of existence of the "Windmaster" sign stands, neither Sarkisian or Marketing Displays have ever received any complaints concerning their performance or quality. At the same time, many compliments, testimonials and letters of commendation concerning the "WindMaster" products were received. For example, the "WindMaster" concept has won two industry awards for innovation of design and use. These products were presented with two "P.O.P.A.I." awards from the Point of Purchasing Advertising Institute. That industry association is comprised of most major national advertising and marketing businesses and companies which design, use or have an interest in point-of-Purchase products and displays. The "WindMaster" program or the United States Air Force won the first P.O.P.A.I. award in 1973, and the "WindMaster" program for Amoco won the second one in 1975. (Sarkisian St. 10)

53. The defendants themselves have stated that the accused sign stands are a vast improvement over prior sign stands. The defendants' advertising literature and oral comments to others state that their accused sign stands do not need sand bags or other weights on them to keep them from turning over, are readily portable, are easy to store, and are virtually impossible to tip over. Werner considers these devices a technical "breakthrough" in the highway construction field and has represented them to others as an "amazing" product. (Tr. 330, 334-337; PX 3, 8, 14, 26, 30, 53)

54. The recognition and commercial success achieved by Sarkisian's "WindMaster" products, the satisfaction by the "WindMaster" products of the long felt need in the sign stand industry for an outdoor, unanchored sign stand which would not walk or tip over in high wind forces, and the prior unsuccessful attempts by others to develop solutions to that problem, all support the conclusion that the Sarkisian concept was unobvious and constituted a patentable invention.

55. There are a number of models of the defendants devices in suit, all of which are alleged by plaintiff to infringe the cliams in issue of the '696 and '482 patents. In particular, Winn-Proof (and its successor, Winn-Safe) manufactured and sold sign stands under the names "Winn-Proof", "WP" and "Winn-Safe" and identified as models WP-30, WP-32, and WP-48. Defendant Wer-Nel has manufactured and sold, and is currently manufacturing and selling, sign stands under the name "No-Tip" and identified as models NT-36 and NT-48. Wer-Nel also has sold many of the "WP" models and still sells them on special order. (PTO II, 10-11; PX 3-6, 8, 9, 14, 26, 27, 53, 67, 68; Tr. 325-328; DX 603)

56. All of the defendants' accused products comprise unanchored, readily portable sign stands which are used in the outdoor construction industry. Although there are minor structural changes between the models of the defendants' products the basic elements and features are the same, and they all function and perform in the same manner. (Tr. 328). Each of the accused products has an upstanding sign display connected to an elongated unanchored base member by at least a pair of pre-loaded compression coil springs. The upstanding sign display comprises a construction sign mounted by one or more brackets to a vertical post or an arch-type structure. The size, strength and pre-load of the coil springs is provided in relationship to the size and weight of the sign display, the height of the sign display, the weight of all of the various components, and the length of the legs of the base. (PX 67, 68, 3-6, 8, 9, 14, 26, 27, 53 DX 603; Tr. 310-312, 325-328; PX 72, 72A; Beaman St. 3-4)

57. Plaintiff conducted tests of the accused products, showed the results of the tests on film at trial, and presented uncontroverted testimony which showed the operation and performance of representative models of the accused devices. When placed side-by-side in the propeller wash of an airplane next to various models of the "WindMaster" sign stands, the accused products performed in substantially the same manner as the "WindMaster" units. All of the accused and the "WindMaster" sign stands remained stable under the highest wind conditions to which they were subjected, on the order of 80 miles per hour. The only departure in the comparative performance of the units was that in one extended position of the defendants' "No-Tip" sign stand, which configuration was outside the stated relationships in the Sarkisian patent teachings, the unit did tip over in high wind conditions. (Beaman St. 3-4; Broff St. 5-6; PX 72, 72A)

58. With respect to claims 3 - 5 of the Sarkisian '696 patent which call for a predetermined degree of compression pre-loading between the coils of the springs, plaintiff's expert Beaman made a demonstration stand for testing pairs of springs taken from the commercial sign stands of the parties. Mr. Beaman demonstrated his test stand at trial and showed that sets of springs taken from competitive models of the parties sign stands have substantially the same residual stress, or compressive pre-loading, between the coils of the springs. (Beaman Tr. 119-124; PX 71; Beaman St. 4)

59. In both of the parties products, the pre-loading of the coil spring arrangement is modified according to the size and weight of the sign display and the other sign components. Marketing Displays has a number of sizes of coil springs having different amounts of compressive pre-loading which it utilizes for its "Windmaster" sign stands of various sizes and weights. The defendants accomplish the same result by simply adding another coil spring in their largest and heavier models. (Tr. 123; 273-274; PX 3-6)

60. All of the defendants' accused products, and each and every feature thereof, is the full equivalent of the patented

sign stands and thus all of the defendants' models infringe the claims in suit of the Sarkisian patents. The accused products contain substantially all the same elements, perform in substantially the same manner, and achieve substantially the same result as the Sarkisian invention. (Beaman St. 3-4; Tr. 118, 182).

61. All of the defendants' "Winn-Safe" and "Winn-Proof" WP-30, WP-32 and WP-48 Sign Stand models fall within the literal meaning of all of the terms of the claims in issue and thus are infringements for this reason also. (Beaman St. 3-4).

62. Notwithstanding the above, defendants deny infringement on three grounds. These arguments however, are based on a strained and unreasonable interpretation of terms in the patent claims, and are not supported by the file history, disclosure and meaning of the patents. Defendants' first contention that the legs of some of the accused sign stands (the "No-Tip" models) are not "generally parallel" has little substance. First of all, such an argument only relates to claims 3-5 in issue of the '696 patent, as none of the claims of the '482 patent contain that term (PX 2; Tr. 215). Secondly, although the legs of these sign stands are not precisely parallel, they are, as Mr. Beaman testified, "generally" parallel (Tr. 183). The points and planes of support along the ground are the same. In any event, the feature of angling the legs slightly was a minor structural change for storage compactness of the units, does not depart from the spirit and scope of the Sarkisian patents, and results in a structure which is the full equivalent of the base and leg structure called for in the '696 patent claims. (Tr. 183, 215-216)

63. Defendants' second argument of noninfringement relates to the term "spaced-apart" as it applies to the location of the springs (Allen St. 21), and similarly has no substance. The term "spaced-apart" appears in all of the claims at issue and was included during the prosecution of the patents to distinguish from concentrically-mounted springs and to bring out the feature of the invention that the sign display will

deflect only in predetermined directions (along the lengths of the legs) (Tr. 216-128). The location and position of the coil springs on the accused devices is in full accordance with the meaning and scope of the term "spaced-apart" in the Sarkisian patents. The springs themselves, as well as the axis-of their centers, are "spaced-apart"; none of the defendants' sign stands have their springs concentrically mounted. Moreover, defendants' argument only relates to one of their most recent model sign stands in which the coil springs are in side-by-side contact at one or more points along their lengths (DX 592); the coil springs in all of the other accused models, including all of those produced prior to the commencement of the present action, are not in touching engagement. As to this current version, the purpose of providing a pair of springs to avoid twisting and cantings is the same as the "WindMaster" concept and thus these models are the full equivalent of the Sarkisian invention. (Tr. 197-199, 216-218, 340-342; Sakisian '696 patent file wrapper, Px. 49, pg. 27)

64. Defendants' expert, Mr. Allen, testified that in his opinion touching springs are not spaced apart. That opinion can be given no weight since Mr. Allen testified that he had not read the file histories of the Sarkisian patents (which is a requirement under the Patent Law in order to determine the scope and meaning of patent claims), did not know that the term "spaced-apart" was included in order to distinguish from concentric springs, and could not think of a better term to use to distinguish from concentrically mounted springs (Tr. 402-409, 357-358; Allen St. 2, 21).

65. Defendants' final contention of non-infringement - relates to the feature in the claims that the sign stands have an upstanding frame structure with a relatively large surface area for receiving display indicia (Allen St. 20-21). Defendant claims that its construction-type sign stands with an upstanding post or arch for mounting highway warning signs does not meet that language. Such a literal interpretation of the patent claims, especially when applied to defendants' sign stands in their incomplete form and apart from their only

intended use, is unreasonable. Mr. Beaman had no difficulty interpreting the claims to apply to the accused sign stands in their completed form, that is, where the sign itself forms a part of the frame (Tr. 186-188). In this regard, Werner admitted that in all but a "couple" of cases, his sign stands have been sold with, used with, or intended for use with, highway 'signs which have a relatively large surface area and display warning indicia for passing motorists (Tr. 332-334). The accused sign stands thus have the full equivalent of the feature in question.

66. Moreover, the Sarkisian concept was incorporated in construction type sign stands as early as 1968 when Market-in Displays designed a "WindMaster" unit for General Machine Products of Trevose, Pennsylvania to hold warning signs along road construction sites. That unit had individual folding legs, coil springs set close together, and an upstanding post with brackets on it for holding highway warning signs. (Tr. 247-249; Sarkisian St. 12.; PX 54, 55).

67. The little merit and weight to be given defendants' arguments of noninfringement is further shown by the fact that three patent attorneys, on different occasions and on their initial consideration of the matter, advised Werner that the Sarkisian patents were infringed by the defendants' accused sign stands. (PX 10; Tr. 286, 317, 323-324). Mr. Beaman, with over forty-five years as a patent attorney, similarly had no trouble concluding that the accused sign stands marketed by defendants incorporate the teachings of both of the Sarkisian patents and thus infringe all of the claims in issue. (Beaman. St. 3-4).

68. The defendants sign stands were developed around January, 1975. Werner, together with his two partners at that time, Fred Leach and Richard ("Ed") Hensley (PX 43), developed the first prototypes of the accused products in Hensley's father's barn. Various parts and components were tried and proven until they came up with an acceptable working model. Although there is some conflict in the testimony as to who developed or suggested many of the

features and components of the defendants' sign stands, the witnesses agreed that at least as to the spring-actuated hinge pin leg locking arrangement, that this was suggested by Leach. Also, neither Leach nor Hensley recalled that Werner suggested any specific elements for the design, other than possibly having the initial idea to develop a construction-related product to market. (Leach St. 2; Hensley St. 2; Tr. 70, 302, 310-312) It is also prudent to note that Werner later filed a patent application in his own name on the sign stand (PX 59, 60, 61) notwithstanding that it was admittedly developed jointly by the three partners, and further that the patent which issued from that application, U.S. No. 4,038,769 (PX 80), is directed to the spring-actuated hinge pin leg locking arrangement which Werner admitted was Leach's concept (Tr. 302). In this same vein, it is noteworthy to point out that Werner believes that his combination patent constitutes an "invention" (Tr. 307-308), while in this suit, he is vigorously contending that Sarkisian's patents do not.

69. In January, 1975, before any of the defendants began to manufacture and sell any of the accused sign stands, Werner, Hensley and Leach secured advice from Mr. Kenneth Klarquist, a patent attorney in Portland, Oregon, relative to the possible patentability of their sign stands. In early February, 1975, Klarquist advised them that patent protection could not be obtained on their device due to the existence of the two Sarkisian patents. Klarquist also advised them that their device infringed at least the '696 Sarkisian patent and possibly the '482 patent as well. (PX 10; Tr. 92, 317; Leach St. 2-3; Hensley St. 2-3)

70. In Mr. Klarquist's opinion letter, he also expressed some reservation as to the validity of one claim of the '696 patent; however, that reservation was mere wishful expectation and not founded on any substance, such as a validity search or prior art that was more pertinent than that considered by the Patent Office. If fact, Werner admitted that Klarquist from the very first advised that a validity search be conducted as a basis for an informed validity opinion, but the

defendants did not act on that advice until long after the present suit was commenced. Further, at no time prior to this suit did the defendants ever receive even the slightest indication that an attorney had any reservations concerning the validity of any of the claims of the '482 patent. (PX 10; Tr. 317-318).

71. Partly as a result of the Klarquist opinion, as well as the fact that Werner never paid his share of the partnership expenses, the partnership between Werner, Hensley and Leach broke up. Hensley and Leach contacted Sarkisian in an attempt to secure a license under the patents in suit and eventually reached an agreement with Sarkisian whereby they became a distributor, called H & L Industries, Inc., of the "WindMaster" sign stands (PX 11, 23). Werner meanwhile, made one brief contact with Sarkisian relative to a possible license, but soon abandoned that attempt and proceeded on his own with the manufacture and sale of the accused sign stands. (Leach St. 3-4; Hensley St. 3-4; PX 44, 45; Tr. 321; PX 12, 13)

72. Prior to initiating the present suit, Sarkisian contacted Werner and attempted to resolve their differences. It is apparent that it is Sarkisian's policy to offer to license his discoveries to others. However, Werner remained fixed in his position to continue to manufacture without a license under the Sarkisian patents. (Sarkisian St. 11; Tr. 321-323)

73. The defendants, by flagrantly proceeding with the manufacture and sale of the accused sign stands, despite advice from three separate patent attorneys that such sign stands infringed the Sarkisian patents in suit, and with an untenable and unsupported position on the validity of the patents, have willfully and wantonly infringed Sarkisian's patent rights. PX 10; Tr. 285-286, 323-324)

74. The willfulness of the defendants' conduct and disregard for the rights of others, is also shown by Werner's repeated failure to fully and accurately inform others, such as potential investors in his various enterprises, licensees of his

"patent rights", and prospective and actual customers of his products, of the situation with Marketing Displays and Sarkisian, and the limited scope of defendants, "patent rights". Indeed, Werner led Mr. Floyd Lacey, an Oregon State Highway Department Engineer, to believe that it was Werner who had the patent rights on the sign stands and that the present suit merely involved the question as to who owned the rights in the patents. (Warren St. 2-3; O'Brien St. 1-3; Hensley St. 4; Leach St. 4-5; Melesio St. 2-3; Ty. 62-63, 243-244; Sarkisian St. 11-12)

75. Defendant Werner and his various companies have repeatedly attempted to mislead and deceive the public as to the patent status of the accused products. In June, 1975 three months before Werner ever executed and filed a patent application relating to the accused sign stands, Werner and Winn-Proof marked the labels on their products with the term "patent pending". One month later, these defendants distributed brochures to the public which also included the term "patent pending". (PTO II, 13; Tr. 312-315; PX 31, 59, 61, 62, 80).

76. Werner attempted to justify his conduct and thus deny attempting to mislead the public, by denying knowledge of the true meaning of "patent pending". The evidence shows otherwise. Werner admitted that he knew that "patent pending" meant that a patent was being applied for and that he was in formed in this regard by his attorney when he first asked, in April, 1975, that an application be filed. His excuse that he initially thought the term meant that it applied the moment he went to his patent attorney (Tr. 315) is flimsy and unreasonable. Werner first secured the advice of one patent attorney, Mr. Kenneth Klarquist, in January, 1975, relative to various patent matters. He then switched to another patent attorney, Mr. John Stuart, in Apri1, 1975 and again secured advice relative to various patent matters, including the meaning of "patent pending". In between, Werner sought the advice of a general attorney who counseled him on patent licensing matters (PX 12, 13). Since Werner was acutely

interested in filing a patent application on his "own" device and was knowingly infringing the Sarkisian patents at the same time (Tr. 317), it can be inferred that he also knew and understood the true meaning of "patent pending" and that he purposely included that term on his labels and brochures in June and July, 1975 to mislead the public (PX 10, 75, 76; Tr. 312-315)

77. Werner's intent in this regard is further shown by the eagerness in which he informed prospective customers that he was seeking patent protection on his products or had patent protection on them, as well as by his numerous and repeated attempts to license others under his "patent rights" (Sarkisian St. 11-12; Leach St. 4-5; Melesio St. 2-3; Hensley St. 4; 0'Brien St. 1-3). Moreover, Werner's bad faith is shown by the fact that he informed Melesio that his product was "patented" when he only had an application pending at the time, and that he led Melesio to believe that his patent rights covered his entire product and not only a minor element on the products, namely spring actuated pivot legs. (Melesio St. 2-3; Tr. 61; PX 80) In attempting to "license" others, Werner also failed to inform them about the existence of the Sarkisian patents and the conflict which would arise thereafter with Sarkisian and/or Marketing Displays. (Melesio St. 2-3; O'Brien St. 1-3).

78. The defendants' claim that Sarkisian practiced fraud on the Patent Office by not disclosing to the Patent Office each and every patent found in a patentability search, has no substance. Of the five patents turned up in that search, two, Mueller and Hood, were before the Patent Office during the prosecution of the patents in suit (one was turned up by the Examiner and one was brought to his attention by Sarkisian) and the other three have very little pertinency. In fact, the lack of pertinency of the latter three patents is shown by the failure of the defendants to even rely on two of them in this case and to treat the third one (Watts '635) only secondarily at trial. (PTO 11, 8; PX 1, 2, 77; DX 510, 511, 517; Tr. 225-226)

79. The defendants claim that Sarkisian perpetrated fraud on the Patent Office by failing to mention in the '482 oath that the "WindMaster" devices had been sold prior to 1970 is similarly baseless. As found earlier, the '482 application is related to and entitled to the 1967 filing date of the '696 (except for the disclosure relative to the flat spring embodiment) It thus was of no consequence that "WindMaster" devices made in accordance with the '696 application were sold prior to the filing of the '482 application. (See Findings 16-23)

80. Defendants further contend that the claims of the patents in suit are invalid because the phrase "frame structure having a relatively large surface area for receiving display indicia" is vague and indefinite. The evidence is overwhelmingly to the contrary, however. When viewed in context of each claim as a whole, and when interpreted in light of the specifications and drawings of the patents in suit, the meaning of every phrase in all of the claims is clear and unconfusing. The claims call for a sign stand having a number of interrelated and cooperating features. The phrase in question merely states that one of these features comprises a display sign of sufficient size such that it would cause the entire sign stand to tip over when exposed to a high wind if the display sign did not bend downwardly (Tr. 208-209). Not only did the Patent Office not raise any question as to the claim terminology, it is noteworthy to point out that the defendants' prior patent counsel, Mr. Klarquist, did not have any problem understanding Mr. Sarkisian's invention and the terminology used in the patent claims when he informed Werner, in February, 1975, that the defendants' sign stands infringed the Sarkisian patents. (PX 1, 2, 10, 49, 51; Tr. 115-117).

81. The disclosures and claims of the patents in suit are adequate to enable one skilled in the art to understand and practice the invention. Mr. Beaman testified that he had no great difficulty in understanding the "WindMaster" sign stand concept, as embodied in the claims in suit. He stated that the

patent disclosures were sufficient to teach one skilled in the art how to construct an unanchored, readily portable sign stand which would not be displaced by high wind conditions (Beaman St. 4; Tr. 138, 140-144, 160-161, 178, 207-209). Mr. Allen agreed as he expressed no problem, despite the fact that no numerical information was provided in the Sarkisian patents on sign stand parameters, in understanding how persons could take the patents and construct the springs involved, as well as build a sign stand that would function as desired to bend in the wind and not blow over. (Tr. 360-362).

82. The formulation in the '482 patent is accurate and fully understandable, and also is a reasonable manner in which to express the interrelationship between the various features and components of the Sarkisian invention. Mr. Allen apparently had difficulty in understanding the formula, although Mr. Beaman and the patent attorneys who advised Werner of infringement, as well as the Patent Office Examiner who examined and issued the patents, did not have that same trouble. From the testimony elicited at trial, it became clear that Mr. Allen's analysis was based on an unrealistic and unreasonable interpreatation of the formula. Although he regarded the formula as nothing more than a scientific truth or axiom and conceded that a first-year engineering student could readily handle the analysis of the moments and forces involved in evaluating the stability of the "WindMaster" sign stands, Mr. Allen attempted to analyze the formula and apply its terms only when the sign stand was upright -- a condition in which its stability against tipping is of no concern. The more reasonable and meaningful way to interpret the formula is to apply it to the sign stand when the sign display is in the horizontal, deflected position and the moment arm relating to the weight of the sign display is also horizontal. (Allen St. 16, 17; Tr. 138-140, 230-231, 379-393)

83. Marketing Displays marks its "WindMaster" products with the numbers of the two patents in suit and has continuously done so since the patents issued in 1972. (Sarkisian St. 12)

84. Sarkisian sent several letters to persons in the trade which put the recipients on notice of the existence of the present suit and, in proper cases, charged the recipients with infringement of the '696 and '482 patents. It is uncontroverted that the purpose of the letters was to protect Sarkisian's own interests, rather than to injure the defendants' interests. In most instances, these letters were sent because Sarkisian was led to believe that Werner had misinformed many persons in the trade relative to the Sarkisian patents and present lawsuit. Also, all of the statements made in letters were true, and the defendants have not contended or shown otherwise. (Sarkisian St. 11-12; Tr. 263-265; DX 575-586)

85. There is not a scintilla of proof that Sarkisian sent the letters in bad faith or has engaged in any acts of unfair competition relative to the defendants herein. There is also no proof that Sarkisian has ever believed or been counseled that either or both of his patents are invalid for any reason.

86. At trial, defendants' introduced the testimony of Floyd Lacey, an Oregon State Highway Department Engineer, and Melvin Edlund, who is associated with one of Wer-Nel's distributors Renco Supply in Austin, Texas, in an attempt to support a charge of unfair competition. The testimony of those witnesses, however, was rebutted at trial. Edlund's statement was directly contradicted by plaintiff's witness, Broff, who denied making the allegedly damaging statements in question (Tr. 102-104), and Lacey could not remember who had made the allegedly damaging statements to him (Tr. 240-241). In any event, any statements made to Lacey and Edlund, even if along the lines suggested in their direct statements, were proper because they were mere responses to inquiries concerning the present action, did not injure the defendants in any manner, and were factual.

II. CONCLUSIONS OF LAW

1. This Court has jurisdiction of the parties and of the subject matter of this action, 28 U. S. C. §§ 1338 and 2201, and venue is proper in this District, 28 U. S. C. § 1400 (b).

2. United States Letters Patent Nos. 3, 646, 696 and 3, 662,482 were duly and lawfully issued, are owned by plaintiff, and plaintiff has standing to sue to recover for past infringement thereof.

3. Plaintiff has discharged its burden of proof with respect to the allegations of the complaint. The defendants have failed to meet their burdens of proof relative to the allegations of their answer and counter-claim. Plaintiff is entitled to the relief sought in the complaint and the defendants are entitled to no relief.

4. The two Sarkisian patents in suit are presumed valid, 35 U. S. C. § 282, and that presumption can be overcome only by "clear and convincing" evidence, Hayes Spray Gun Co. v. E. C. Brown Co., 291 F. 2d 319, 322 (9th Cir. 1961).

5. The initial presumption of validity is strengthened where, as here, the Patent Office had the most pertinent prior art references before it when it issued the patents, Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F. Supp. 257 (D. Ariz. 1974), 532 F. 2d 1266, 1271 (9th Cir. 1976), cert. denied 429 U. S. 896, 97 S. Ct. 258, 50 L. Ed. 2d 179 (1976), Mumm v. Decker & Sons, 301 U. S. 168, 171, 57 S. Ct. 675, 81 L. Ed. 983 (1937).

6. The defendants have not overcome the presumption of validity of the two patents in suit.

7. The specification and claims of the two Sarkisian patents in suit fully comply with the requirements of 35 U. S. C. §112. The patents disclose the invention in sufficient manner for persons of ordinary skill in the art to practice it

and the patents particularly point out and distinctly claim the invention.

8. The prior art patents relied upon by defendants are basically paper patents which have limited weight on the question of obviousness, Columbia Broadcasting System, Inc. v. Zenith Radio Corp., 391 F. Supp. 780, 788 (N. D. Ill. 1975), modified on other gnds. , 537 F. 2d 896 (7th Cir. 1976), Eversharp Inc. v. Fisher Pen Co., 204 F. Supp. 649, 671 (N. D. Ill. 1961). Also, the defendants rely on eighteen patents and two literature references to show the alleged invalidity of the two Sarkisian patents; the citation of such a large number constitutes evidence of the futility of prior attempts to solve a problem, and strengthens the unobviousness of the Sarkisian invention. Corometrics Medical Systems v. Berkeley Bio Engineering, 193 U. S. P. Q. 467, 477 (N. D. Cal. 1977).

9. The differences between the claimed subject matter of the Sarkisian patents in suit and the prior art relied upon by defendants are such that the claimed subject matter would not have been obvious, at the time the invention was made, to persons having ordinary skill in the art, within the meaning of 35 U. S. C. §103. Graham v. John. Deere Co., 383 U. S. 1, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966).

10. The conclusion of non-obviousness is reinforced by the merit and significant commercial success of the patented invention, the long felt need in the industry not solved by others but solved by the present invention, and the tribute and recognition accorded the invention by persons in the industry, Reeves Instrument Corp. v. Beckman Instruments, Inc. , 444 F.2 263, 271-272 (9th Cir. 1971), Cool-Fin Electronics Corp. v. Int'l Electronics Research Corp., 491 F. 2d 660, 662-663 (9th Cir. 1974)

11. Merely because all of the elements of a claimed combination are old does not by itself render the combination invalid. If carried to its logical conclusion, such a rule would "preclude the patenting of virtually every new mechanical...

device since the vast majority, if not all, involve the construction of some new device (machine or combination) from old elements, " Reeves Instruments Corp. v. Beckman Instruments, Inc., 444 F. 2d 263, 270-271 (9th Cir. 1971).

12. To combine the cited references in a manner which would produce a sign stand similar to the Sarkisian invention could only be done with hindsight in light of the teachings of the Sarkisian patents, and this is improper, Goodyear Tire & Rubber Co. v. Ray-O-Vac Co. , 321 U. S. 275, 279, 64 S. Ct. 593, 88 L. Ed. 721, 724 (1944), National Dairy Products Corp. v. Bordon Co., 394 F. 2d 887, 891 (7th Cir. 1968), cert. denied, 393 U. S. 953 (1968). While a particular solution to a problem might seem simple in retrospect, after its disclosure, foresight applied as of the date of the invention is the proper test of invention. The judgment and opinions of persons in the sign stand art, evidencing and recognizing the unobviousness and merits of the Sarkisian invention far outweights the theoretical and technical arguments of defendants who seek to combine evidence from paper patents and present day knowledge and rely entirely on hindsight.

13. Since the claimed invention is carried out by the application of elements proceeding contrary to accepted principles in the sign stand industry - namely-the use of an unanchored, virtually weightless base in place of anchored or heavily weighted bases which were previously utilized throughout the industry - it would not have been obvious to a person having ordinary skill in the art. United States v. Adams, 383 U. S. 39 (1966), Reeves Instrument Corp. v. Beckman Instruments, Inc., 161 U. S. P. Q. 450, 480 (C. D. Cal. 1968), aff'd; 444 F. 2d 263 (9th Cir. 1971), cert. denied 404 U. S. 951 (1971).

14. The formula in the '482 patent is inherent in and thus a part of the '696 patent. Subject matter which is inherent in an application is not a departure from the application and thus does not constitute "new matter". Binks Mfg. Co. v. Ransburg Electro-Coating Corp., 281 F. 2d 252, 257

(7th Cir. 1960), Technicon Instruments Corp. v. Coleman Instruments, Inc., 255 F. Supp. 630, 640-641 (N. D. Ill. 1966), aff'd, 385 F. 2d 391 (7th Cir. 1967), In re Smythe, 480 F. 2d 1376, 1384-1385 (C. C. P. A. 1973). All of the subject matter of the '482 patent, with the exception of that pertaining to Figure 7 (the non-asserted flat spring embodiment), is entitled to the September 11, 1967 filing date of the '696 application, 35 U. S. C. § 120, Saf-Gard Products, Inc. v. Service Products, Inc., 370 F. Supp. 257, 271 (D. Ariz. 1974), aff'd, 532 F. 2d 1266 (9th Cir. 1976), cert. denied, 429 U. S. 896 (1976), Holmes v. Thew Shovel Co., 305 F. Supp. 139, 145 (N. D. Ohio 1969). See also Indiana General Corp. v. Lockheed Aircraft Corp., 408 F. 2d 294 (9th Cir. 1968).

15. The '482 patent is not invalid for double patenting. The scope of the claims of the '696 patent and the '482 patent are not the same, and plaintiff disclaimed and dedicated to the public the end two month portion of the '482 patent so that both patents expire on the same day. The terminal disclaimer by itself prohibits a finding of double patenting because no extension of the patent monopoly beyond the date of the first patent has been made, Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F. Supp. 257, 271 (D. Ariz. 1974), aff'd, 532 F. 2d 1266 (9th Cir. 1976), cert. denied, 429 U. S. 896 (1976). Mobil Oil Corp v. Filtrol Corp., 186 U. S. P. Q. 252, 261 (C.D, Cal. 1975), Pursche v. Atlas Scraper & Engineering Co., 300 F. 2d 467, 481 (9th Cir. 1962).

16. The presumption of administrative correctness within the Patent Office is given much weight on the issue of double patenting. Pursche v. Atlas Scraper & Engineering Co., 300 F. 2d 467, 481 (9th Cir. 1962), Southern Implement Mfg. Co. v. Mclemore, 350 F.2d 244, 249 (5th Cir. 1965), Uncas Mfg. Co. v. McGrath-Hamin, Inc., 265 F. Supp. 1008, 1012 (D. R. I. 1967).

17. All of the defendants' "Winn-Safe" and "Winn-Proof" sign stands, including the WP-30, WP-32 and WP-48 models, fall within the literal meaning of all of the terms of claims 3-5 of the '696 patent and claims 1 and 2 of

the '482 patent and thus are infringements thereof. These accused models also are the full equivalent of the claimed invention and infringe the claims for this reason as well.

18. All of the defendants' "No-tip" sign stands, including models NT-36 and NT-48, are the full equivalent of the patented sign stands defined by claims 3-5 of the '696 patent and claims 1-2 of the '482 patent and thus are infringements thereof. Graver Tank & Mfg. Co. v. Linde Air Products Co., 339 U. S. 605, 70 S. Ct. 870, 94 L. Ed. 1097 (1950). Botsolas v. Schultz Laboratories, 351 F. Supp. 188, 191 (C. D. Cal. 1972).

19. The defendants' sign stands which are sold without signs, contributorily infringe the two Sarkisian patents under 35 U. S. C. § 271 (c), and the defendants' activities relative to the sale of such sign stands constitute inducement to infringe under 35 U. S. C. §271 (b), Saf-Gard Products, Inc. v. 'Service Parts,. Inc., 370 F. Supp. 257, 272 (D. Ariz. 1974) aff'd 532 F. 2d 1266 (9th Cir. 1976), cert denied 429 U. S. 896 (1976).

20. The defendants' infringement has been willful, wanton and deliberate, justifying an award of increased damages to plaintiff under 35 U. S. C. § 284 and making this an exceptional case justifying an award of attorney fees to plaintiff under 35 U. S. C. § 285, Saf-Gard. Products, Inc. v. Service Parts, Inc., 370 F. Supp. 257, 273 (D. Ariz. 1970, aff'd, 532 F. 2d 266 (9th Cir. 1976), cert. denied, 429 U. S. 896, 97 S. Ct. 258, 50 L. Ed. 2d 179 (1976). Rayonier, Inc. v. Georgia-Pacific Corp., 156 U. S. P. Q. 110, 125 (W. D. Wash. 1967).

21. The defendants violated 35 U. S. C. §292 by improperly, and with the purpose of deceiving the public, including the term "patent pending" on labels and brochures as early as three months before they filed a patent application. The defendants shall be fined $500 for the offense relative to the labels and $500 for the offense relative to the brochures - or a total of $1,000 - half of which is payable to plaintiff and

half to the United States. Republic Molding Corp. v. Gotham Industries, Inc. , 145 U. S. P. Q. 642, 644 (S. D. Cal. 1956), Precision Dynamics Corp. v. American Hospital Supply Corp., 241 F. Supp. 436, 446-447 (S. D. Cal. 1965)

22. The two Sarkisian patents in suit, U. S. Nos. 3,646,696 and 3,662,482, are in all respects valid and enforceable.

23. Plaintiff has not misused the Sarkisian patents or committed any acts of unfair competition, Hayes Spray Gun Co. v. E. C. Brown Co., 291 F. 2d 319, 327 (9th Cir. 1961), Oil Conservation Engineering Co., v. Brooks Engineering Co., 52 F.2d 783, 785-786 (6th Cir. 1931).

24. Plaintiff has not committed any acts constituting fraud on the Patent Office. "Fraud" is a serious charge and requires proof of unlawful intent, as well as uncontroverted proof that the accused acts were essential material to the issuance of the patent, Bolt Associates, Inc. v. Rix Industries, 178 U. S. P. Q. 171, 173 - 174 (N. D. Cal. 1973), Cataphote Corp. v. DeSoto Chemical Coatings, Inc., 450. F. 2d 769, 771-772 (9th Cir. 1971).

25. Plaintiff is entitled to an accounting to determine the amount of damages due to the defendants' infringement.

26. Plaintiff is entitled to an injunction prohibiting further acts infringement by the defendants.

27. Plaintiff is entitled to an award of interest and costs against the defendants.

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springs 4 would support the sign and that the springs 4 would be sufficient to permit downward deflection of the plate 3.

Specifically, Dobrusskin does not show the following features recited in Claim 1:

1. A base (the Dobrusskin device is intended to be supported by a suitable electrical vibrator device or suspended on a vehicle which will cause vibration thereof.)

2. A spring structure which is yieldable in either direction along an axis generally parallel to the plane of the frame structure to permit downward deflection of the frame structure.

3. A device in which the area of the frame structure is proportioned to the dimension of the base to result in downward deflection of the frame structure upon a force being applied thereto without tipping over the entire display device.

Claim 2 is specifically limited to a pair of spaced apart coil springs whereas Dobrusskin illustrates the use of three springs. This points up the differences in function of the devices because Dobrusskin wishes to have vertical jiggling and thus uses a greater number of spring. Applicant could use three springs but this would unnecessarily increase the cost of the device.

Ser. No. 670,511

Sarkisian

Cancel Claims 6 and 12.

REMARKS

Applicant's attorney wishes to express his appreciation for the courtesy extended by Examiner Carter during the telephone interview of January 6, 1970. In the course of the interview, applicant's attorney set forth the physical facts, including the statics involved, which are believed to result in patentability of the combination expressed in Claim 1 as amended. As indicated to the Examiner, a relatively formal analysis of the statics involved in the present case has been developed. Basically, in connection with the present invention, leverage has been utilized to prevent tipping or falling over of the poster display device as opposed to the use of heavy weights or anchoring as in the prior art. The use of a pair of spring connections as opposed to a single spring connection as in the Hood patent forms an important part of this combination. Basically, the use of two springs results in forcing the sign frame to tip along the longitudinal axis of the elongated ground-engaging members. The claim has been amended to recite that there is at least a pair of spaced apart elongated ground-engaging members. For this reason, Claim 6 has been cancelled because it previously recited this subject matter. Claim 1 has also been amended to recite the spring strength and with respect to formal typographical errors in lines 10 and 12. The limitation has also been added to Claim 1 that when the frame structure is deflected, it is deflected in the direction of the longitudinal axis of the base.

The importance of the claimed combination resides primarily in the fact that the sign is forced to tip in the direction of the longitudinal axis of the elongated base members which may, therefore, be of light weight material. This results in the tipping force always being applied along

the longitudinal axis rather than sidewardly as might be the case in the Hood patent. Additionally, the device is so constructed that the weight of the sign frame will not cause tipping even when the sign is completely deflected so that the center of gravity thereof may be slightly beyond the ends of the base.

The statics involved in the claimed sign structure are illustrated in the attached Figure forming Exhibit A.

The Figure illustrates the forces and moment arms of the poster display device which would tend to tip the device about the base as a result of a wind or other force being applied thereto and as a result of gravity. The various notations are explained in connection with the Figure.

Referring to the Figure, the force of the wind is assumed to be concentrated at the geometric center of the face of the sign against which the wind is directed. The weight of the sign frame is concentrated at the center of gravity of the sign frame which substantially coincides with the geometric center of the sign frame. As will be noted in the Figure, initially Fw acts through a moment arm, Maw, about a point A tending to tip the sign. This tipping force is opposed by the weight of the sign frame, Wf, and the weight of the base, Wb, acting through a moment arm, Mag. Initially, Mag is the same for both Wf and Wb.

rejection, a relatively complicated modification of Hood. The actual basis for making such modifications would require a considerable amount of hindsight. Therefore, it is not seen that it would be obvious to make the changes required in order to convert the Hood structure into Appellants' structure.

It is further submitted that it would not be obvious to make such changes in view of the difference in the aims of Appellant and Hood. Hood has a small sign which is placed in a roadway to regulate vehicle traffic. His problem is basically that of having a sign knocked over as a result of being hit by an automobile. A car might hit the sign at any angle and therefore Hood wants his sign to be able to bend at any angle. He could not use an elongated base as Appellant has done in place of his heavy base because the elongated base of Appellant requires that leverage be used rather than weight to keep the sign in an upright position. The use of leverage requires that the direction of deflection of the sign supporting springs be constrained along the longitudinal axis of the elongated base. This would not permit tipping of the sign in any direction as desired by Hood. Therefore, Hood would not utilize Appellant's type of construction nor would Appellant utilize Hood's type of construction because in order to have a sign of the large type required by Appellant, it would be necessary to provide a very heavy base which is uneconomical and impractical.

One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection as has been used in the past in connection with signs as represented by Hood. At first glance, it would appear obvious to provide two spring structures instead of one if this were desired. However, the aim of providing two spring structures is not simply to provide additional support for the sign frame or a modified type of support therefor. The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent

twisting of the sign frame. Thus, it is not a matter of choice whether one or two springs are used in Appellants' invention.

Claim 2 adds the additional limitation of the use of coil springs which is the preferred form of the invention. Claim 3, which depends from Claim 2, adds the limitation that the frame has a generally rectangular shape including a generally horizontal bottom member to which the springs are secured. This is a preferred embodiment of the invention.

Claim 7 recites the fact that the central portion of the ground-engaging members is raised a short distance above the ground level to provide a minimal lever action tending to tip the display device. The Examiner has correctly stated that this is also true in Hood. However, this is a preferred embodiment of the invention and is believed to be allowable along with the independent claim from which it depends. In this respect it should be noted that Claim 7 is indicated as being dependent from Claim 6, Claim 6 having been cancelled. The substance of Claim 6 was incorporated into Claim. Therefore, Claim 7 should be read as being dependent from Claim 1.

Claim 8 depends from Claim 7 and sets forth the ratio of the distance of the central portion above the ground level to one-half the length of the ground-engaging members as being approximately one to five. This is a preferred ratio and is not shown in the cited art.

CONCLUSION

Appellant is the first in this art to provide a sign structure having a large sign frame supported on an elongated base by means of a spring structure connected at least at two spaced apart locations between the lower portion of the frame and the base to thereby constrain tilting of the frame to a direction along the longitudinal axis of the base to thereby take advantage of the leverage offered by the elongated base. The recited structure in the claims differs in at least seven ways from that shown in Hood. It is submitted that it would not be obvious to modify Hood, in view of the different purpose of

the sign in the Hood Device, so extensively as to result in Appellant's structure.

It is submitted, therefor, that the final rejection herein should be withdrawn and that Claims 1-3, 7 and 8 should be allowed.

Respectfully submitted,

WHITTEMORE, HULBERT
& BELKNAP

By: /s/ Dale R. Small

EAC/id

April 6, 1970
Detroit, Michigan 48226

[COUNSEL] [FILED]

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF OREGON

ROBERT SARKISIAN

Plaintiff,

v.

WINN-PROOF CORPORATION,
WILLIAM A. WERNER, and
WER-NEL ENTERPRISES, INC.,

Defendants.

Civil Action No. 75-1131

PLAINTIFF'S POST-TRIAL BRIEF

I. INTRODUCTION

This Post-Trial Brief will be confined in large part to summarizing and highlighting the pertinent evidence adduced at the trial as it bears on the various issues framed by the parties in their respective pre-trial memoranda. No new issues, not already analyzed and argued in the previous briefs submitted, were raised at the trial and, accordingly, rather than restating or otherwise repeating such material in this brief, in the interests of brevity, those portions of the earlier briefs which pertain to the evidence discussed below, and its significance, be indicated by cross-reference.

Plaintiff's Proposed Findings of Fact and Conclusions of Law, submitted concurrently with this Brief, set forth an

orderly and detailed presentation of the stipulated or otherwise uncontested factual material, together with a statement of the factual and legal issues and proposed rulings, involved in this patent infringement case, and the legal precedents and authorities applicable thereto. As requested by the Court, there is also being submitted, as an Appendix hereto, Plaintiff's written objections to the admission of several of defendants' exhibits.

The following abbreviations will be used in this Brief to and accompanying materials:

"PX" - Plaintiff's Exhibit

"DX" - Defendants' Exhibit

"PTO" - Pretrial Order

"Tr." - Trial Transcript.

"St." - Statement of Witness's Direct Testimony

"P Pre-Trial Memo" - Plaintiff's Pretrial Memorandum

"P Reply Memo" - Plaintiff's Pretrial Reply

II. THE INVENTION OF THE SARKISIAN PATENTS IN SUIT (P Pre-Trial Memo 3-8)

Plaintiff's expert witness, Townsend F. Beaman, and plaintiff himself both testified to the nature, characteristics and advantages of the unanchored*, readily portable "Windmaster" sign stands which embody the innovative subject matter of the '696 and '482 patents in suit. (Beaman St. 1-2; Sarkisian St. 2-6; Tr. 115-117, 214-215).

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* By "unanchored" is meant that no ground fastening or additional weight of any kind (i.e. sand bags, concrete blocks, etc.) is used to maintain the stability of the sign and prevent it from tipping, walking, sliding or twisting.

In addition, a movie (PX 72, PX 72A) was shown during plaintiff's opening statement which demonstrated, in rather convincing fashion, the stability and manner of operation of the "WindMaster" sign stands under mild to extremely high (70 miles per hour plus) wind conditions, in contrast to the unsatisfactory performance of a representative collection of conventional types of unanchored portable sign stands currently available. Beaman testified that the film sequences shown accurately represented the "dramatic" results of tests made under his personal supervision in which "WindMaster" and other types of portable unanchored stands were set up directly behind an airplane and exposed to its propeller wash (air stream) at increasing throttle adjustments calibrated to produce wind conditions on the sign stands ranging up to eighty miles per hour. (Beaman St. 3-4; Tr. 193-194, 219) Plaintiff's product manager, Robert S. Broff, who participated in the tests which Beaman supervised and in others of a similar nature, corroborated the accuracy of the performances of the various sign stands depicted in the film (Broff St. 5-7; Tr. 100-102). Also, the tests were set up and calibrated by an independent testing company, Detroit Testing Laboratory. The validity of such propeller air stream tests, as being indicative of sign stand performance under actual environmental conditions, and the results observed with "WindMaster" type stands, was further evidenced through their utilization by a sign stand manufacturing competitor of plaintiff, Allen-Morrison, Inc., at the time when it was first presented with an opportunity to prove out the wind-stable characteristics claimed by Sarkisian for such stands (Reams St. 5).

The invention of the patents in suit, that is, the "WindMaster" sign stand concept; utilizes no components in its structure and assembly which were not generally available prior to plaintiff's conception of his invention in 1967. For example, defendants' own technical expert, William P. Allen, readily conceded that it would have been possible to fabricate

or otherwise obtain all of the components, and therefore* to build, a "WindMaster" sign stand of the type disclosed in plaintiff's patents, as early as 1899, the date of the Webb patent, the latter being the oldest of the various and voluminous items of prior art sign stand constructions cited by defendants as bearing on the patentability of the Sarkisian invention (Tr. 426-427). However, Beaman in his testimony on cross-examination specifically noted that a pre-loaded closely-wound helical extension spring*, although known to the spring art, had found very little application prior to Sarkisian's development of the "WindMaster" sign stand (Tr. 147). He also found in his study of the spring art and the uses therein of an extension spring having an initial tension or pre-load, that the "WindMaster" concept uses such a spring in an "unusual manner" not found elsewhere in the art (Tr. 214-215). This testimony was not contradicted by defendants' expert Allen who, although he made reference to the general availability to the trade in 1967 of pre-loaded extension springs, could point to no specific instance in which such a type of spring had, without the use of auxiliary springs or other artifices, been used for the purposes and in the manner utilized by Sarkisian in his sign stands (Tr. 373-374; 418-422).

III. ADEQUACY OF THE PATENT DISCLOSURES

(P Pre-Trial Memo 6-8; P Reply Memo 7-8)

Beaman testified that he had no great difficulty in understanding the "WindMaster" sign stand concept, as embodied in the claims in suit (Beaman St. 4; Tr. 138). He stated that the disclosure of the Sarkisian patents was sufficient to teach one skilled in the art how to construct an

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* This is the type of spring used in the mounting of the "WindMaster" sign stand to impart to it sufficient rigidity to remain the sign upright and not oscillate under mild wind conditions, but allowing it to bend over and present a lower profile to the wind when the wind forces would otherwise be sufficient to tip over or move the sign stand.

unanchored, readily portable sign stand with a virtually weightless base which would not be displaced by high wind conditions (Tr. 140-141; 160-161). As regards the formula in claims 1 and 2 of the second, '482 patent, Beaman found the basis for its subject matter to be inherent in the textual material and drawings of the first, '696 patent, and that it added nothing, from a conceptual standpoint, not already derivable by inference from the teachings of Sarkisian's first patent in reference to analyzing the stability of the sign stand when deflected over to the horizonal position (Tr. 125-128). It is worth noting that defendants' expert did not dispute this point regarding the inherency of the formula in the disclosure of the first patent, but instead essentially adopted it (Allen St. 14, 20). The formula could be summarized in words to mean, in effect, that the sign stand would remain stable, when deflected, so long as the moments* resisting tipping were greater than those tending to cause tipping (Beaman to St. 1).

Subject matter which is inherent in an application is not a departure from the application and thus does not constitute "new matter". Binks Mfg. Co. v. Ransburg Electro Coating Corp., 281 F.2d 252, 2S7 (7th Cir. 1960); Technicon Instruments Corp. v. Coleman Instruments, Inc., 255 F.Supp. 630, 640-641 (N.D. Ill. 1966), aff'd, 385 F.2d 391 (7th Cir. 1967). Thus, all of the subject matter of the '482 patent, with the exception of that pertaining to Figure 7 (the non-asserted flat spring embodiment), is entitled to the September 11, 1967 filing date of the '696 application, 35 U.S.C. §120, Saf-Gard Products, Inc. v. Service Products, Inc., 370 F.Supp. 257, 271 (D. Ariz. 1974), aff'd, 532 F.2d 1266 (9th Cir. 1976), cert. denied, 429 U.S. 896 (1976), Holmes v. Thew Shovel Co., 305 F.Supp. 139, 145 (N.D. Ohio 1969).

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* A "moment" is a term, in the scientific field of statics, referring to the tendency of a body to rotate about an actual or assured pivot point, and it is equal to the product of a force times a distance perpendicular (at right angles) to the direction of the force, measured between the force and the pivot point (Tr. 380).

Although Allen had, apparently, great difficulty in understanding the formula, which he regarded to be nothing more than the statement of a scientific truth or axiom (Allen St. 17), he admitted that in his analysis he had not considered the formula's definitions to apply to the vertical length between the pertinent parameters of the sign stand when its upper portion was in the horizontal, deflected position (Allen St. 16; Tr. 389-390). He instead attempted to apply the terms of the formula to the sign stand when fully upright -- a condition in which its stability against tipping is of no concern (Tr. 383-384). Further, Allen conceded that a first-year engineering student could readily handle the analysis of the moments involved in evaluating the stability of sign stands of the "WindMaster" type (Tr. 380-381; 392-393). There was, accordingly, the suggestion throughout the course of his questioning on this particular point that he had not considered all realistic alternative interpretations in his attempt to apply the formula in a meaningful manner over a range of sign stand heights relative to the length of its supporting base legs (Tr. 379-392).

Allen, in his direct testimony, expressed no problem, however, despite the fact that no numerical information was provided on sign stand parameters, in understanding from his study of the Sarkisian patents how persons of ordinary skill in the art, "a normal person", could take the patent disclosure and construct the springs involved "in their shop" and then "build a sign stand that would function as they so desired, to bend in the wind, to not tip and so on" (Tr. 360-362). Beaman testified similarly on his cross-examination by defendants' counsel (Tr. 160-161; 178), so at least on this point, regarding the adequacy of the Sarkisian patent teachings, the experts were fully in accord.

IV. VALIDITY OF THE SARKISIAN PATENTS

(P Pre-Trial Memo 16-20; P Reply Memo 5-6)

The voluminous assortment of prior art items assembled by defendants, totalling some eighteen patents and excerpts from two works on spring design, and urged by them to collectively render obvious, within the meaning of 35 U.S.C. §103, the subject matter of the "WindMaster" inventive concept as embodied in the five patent claims in suit, has been dismissed, both summarily and elaborately, by the trial testimony and other evidence. In summary fashion, all of the various prior art sign stands alluded to by defendants, including those specifically referred to by Allen in his testimony (Allen St. 4-12; Tr. 358-360), were either anchored (i.e., fastened) to the ground or relied upon the weight of the base member to maintain their stability. Mr. Allen so testified at the trial as follows (Tr. 401-402):

"Q. (By Mr. Chernoff) Would you agree, Mr. Allen, that with regard to sign structures of the type shown in the patents, Sarkisian patents, in particular you might look at Figure 8.

"A. Yes.

"Q. That if the center of gravity of the sign frame structure when tipped over is within the perimeter of the base, I think you have testified, the unit is stable?

"A. That's correct.

"Q. It will not tip over. Under those conditions, when that occurs, isn't the weight of the base totally irrelevant for stability purposes?

"A. Yes

"Q. You said, "yes"?

"A. Yes.

"Q. That means the base could be as lightweight as possible, within the confines of necessary rigidity?

"A. That's correct.

"Q. Can you show me one device in the prior art patents which you have referred to in your narrative, in which the weight of the base is irrelevant to the stability of the device when tipped over?

"A. That is irrelevant?

"Q. Yes.

"A. That is not a consideration?

"Q. Yes.

"A. No, I'm sorry, I can't recall any that -- where the weight of the base is not a relevant item."

Beaman testified on recross-examination to similar effect with regard to the weight of the base of the Sarkisian stands being of no consequence when the sign is not extended to the upper position (Tr. 226-227).

On this one highly significant point, which for the first time made available to the industry a readily portable (that is, lightweight) sign stand not requiring fastenings or weights to hold it secure during high wind conditions, whether caused by natural weather conditions or gusting by passing high-speed trucks, the Sarkisian "Wind-Master" invention effectively and dramatically distinguished itself over the prior art, which Beaman defined for the Court as being "all that has come ahead of the invention" (Tr. 238). Werner himself, if any higher accolade be needed, in calling attention to this very same distinctive feature in defendants' trade literature promoting their sign stands (e.g. PX 3), referred to it as "amazing" and a technical "breakthrough" (Tr. 334-336).

Turning to a more elaborate dissection of the prior art advanced by defendants, which Beaman found to be no better than that considered by the Patent Office at the time the Sarkisian patents were examined and allowed (Tr. 226) ,

Beaman prepared a chart (PX 77; Tr. 219-226) which outlines five characteristic features of the Sarkisian "WindMaster" sign stand construction and summarizes his finding as to the presence and absence of such features in various prior art patents cited by defendants as well as in the accused sign stand construction of defendants. His accompanying testimony further explained and amplified these findings (Beaman St. 2-3; Tr. 141-179) which are to the effect, as indicated on the chart, that no single reference discloses or suggests more than two of these important features.

Not unexpectedly, the respective experts for two the parties sharply differed on the ultimate question of whether the subject matter of the "WindMaster" invention, as embodied in the claims in suit, would have been obvious to one who, in 1967, would have had ordinary skill in the sign stand art. However, as became apparent during his cross-examination, defendants' expert Allen was applying an erroneous and unfounded standard to determine whether the Sarkisian invention was to be considered obvious or not. Specifically, Allen, in response to the Court's inquiry, was of the view that the appropriate test to be performed on a device comprised of a number of elements, was whether each of the constituent elements involved were readily available in the marketplace (Tr. 373-374), in which case there could be no patentable invention arising from their assembly into the completed device, or, on the other hand, were not readily available and thus had to be fabricated specifically on a customized basis (Tr. 376-378), in which case the assembled device would necessarily embody patentable ingenuity (Tr. 449-430):

A. Well, Your Honor, to clarify it a little bit further, as I look at that sign stand that is described there, and as described by the art work here, I have great difficulty in looking "10 at that sign stand and seeing components that I could not purchase out of a store. As an example - - - - .

"Q. (By the Court) Does that fact, in and of itself, mean to you that you could not have an item that could be patented just because you could buy the items out of the store?

"A. Your Honor, I have great difficulty in answering your question, but it's one of the measurements that I would use, yes.

In viewing this, the frame structure of aluminum tubing is a purchased item; the Plexiglas or glass front is a purchased item; the springs are purchased from a spring manufacturer, could have been taken right off the shelf; the tubular legs are are just tubular members which have been formed a little bit; there is a bracket there; and the rest of it is nuts and bolts.

I have difficulty in accepting that as teaching us anything about something new in sign stands when I go out and purchase every item there and put it together, and I realize that may not fit within the patent law concepts that you deal with, but that would be my feeling."

The extended dissertation (Tr. 368-369; 431-434) which Allen provided on the merits of his own patent directed to an improved form of projection screen stand* served admirably to demonstrate the wholly unique and unfounded standard which defendants' technical expert applied in reaching the conclusion that the subject matter of the Sarkisian patents, when taken as a whole, would have been obvious. Quite simply, there just is no basis under well-established principles of patent law for the test standard employed by Allen in

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* A copy of Allen's patent No. 4,017,152, entitled "Portable Projection Screen" is attached in the Appendix hereto for the Court's reference.

differentiating obvious from non-obvious subject matter in an invention involving an assemblage of elements.

Rather than delve further into the false patentabilty standard applied by Allen, it would seem more beneficial instead to set forth the correct guidelines for determining invention under the statutory requirements of 35 U.S.C. §103 as enunciated in Graham v. John Deere Co., 383 U.S. 1, 15 L.Ed.2d 545, 86 S.Ct. 684 (1966), quoted in plaintiff's pretrial brief (P PreTrial Memo 18). In the instant case, as mentioned earlier in Section II of this Brief, the "WindMaster" sign stand assembly incorporates a new element, a unitary pre-loaded extension spring, not previously used in the sign stand art or, so far as could be determined, in any analogous art, for the purposes and in the fashion utilized by Sarkisian to maintain the upper portion of his stand upright under mild wind, or other eternal force conditions, and yet allow the sign portion to deflect under heavier wind conditions so as to prevent tipping, and then return quickly upright when the force is removed. Under such circumstances, where there is a new element present which is different in structure and function from that of the prior art references, no finding of "unusual or surprising results" is required to support patentability of the claimed invention. Austin v. Marco Dental Products, Inc., __F.2d__ (9th Cir. 1977)*. In the present case, there was considerable testimony as to the high degree of innovativeness involved in the Sarkisian "WindMaster" sign stand, among which the most impressive was that of plaintiff competitor at the time, Bernard Reams, which was to the effect that the "WindMaster" sign stand was considered by his company, the largest advertising display sign stand manufacturer in the country, to be "a completely innovative, unique development in the freestanding curb stand field which prevented the unit from turning over in high wind" (Reams St. 5). Ruben Melesio, another individual

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* The Austin decision, rendered September 12, 1977, has not yet been reported, although it is Counsel's understanding that it soon will be. At such time that it is reported, copies will be furnished.

quite knowledgeable about the limitations and disadvantages of construction sign stands available in the industry, was similarly impressed by the "WindMaster" concept, testifying that it was a "beautiful .... great idea" to utilize wind force itself to keep the sign from blowing down (Melesio St. 3-4). As previously stated, even defendant Werner referred to it, in an outburst of advertising hyperbole, as an "amazing" idea in reference to the wind stability of the unanchored lightweight sign stand. All in all, it is submitted that the testimonial evidence adduced amply supports a finding that, in the words of the Austin decision, more than just an improved product is involved; instead, the Sarkisian patents disclose an innovatively different product in the sign stand field.

Even if the "WindMaster" sign stand patents are considered to be merely so-called "combination patents", involving an assemblage of individual elements each of which is old in the art, as so contended by defendants (Tr. 33-34), the Sarkisian sign stands, in their manner of operation and particularly in their performance, clearly evidences the "unusual and surprising results", the "synergism" if you will, which the law requires to find the subject matter of the invention not to be obvious to one of ordinary skill in the art. Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F.Supp. 257 (D. Ariz. 1974) aff'd, 532 F.2d 1266 (9th Cir. 1976), cert. denied, 429 U.S. 896 (1976).

Here the "WindMaster" sign stands, although unanchored, readily portable and capable of having a virtually weightless base, remain stable under high wind conditions -- a combination of features not found anywhere in the prior art and which all of the witnesses from both sides who were experienced in the sign stand field considered to be highly important in practical applications of advertising display and construction signs. Melesio and Reams both testified as to the long-felt need for such signs in their respective trades, and Allen saw no reason to question the feasibility of constructing such signs in accordance with the patented "WindMaster" concept before the turn of this century since, in his view, all

the components, tooling and materials were available even way back then.

The "surprising" aspect of the "WindMaster" invention in the sign stand field was vividly demonstrated at the trial by the action of defendants' counsel who, even though amply familiar with the sign stands which are the subject of this suit, and the Sarkisian patents which explain the "WindMaster" concept, nevertheless displayed his healthy skepticism of the ability of the stand to remain stable and not tip over on deflection, by bracing one of the base legs with his foot when he bent the sign over (Tr. 33-34).

The unobviousness of the Sarkisian invention is further shown by the wide-spread recognition and success that it has achieved in the marketplace. The "WindMaster" concept has won a number of awards and have been highly acclaimed by persons in the industry. Also, the "WindMaster" sign stands have achieve substantial commercial success.

Competitors of Sarkisian and Marketing Displays have recognized the value of Sarkisian's invention. Penn-Chem, Corp. entered into a royalty bearing agreement under the two patents in suit (PX 47). Two other companies who were making infringing sign stands, namely Thomas Displays and Sunset Manufacturing, were sued by Sarkisian for patent infringement and each entered into a Consent Judgment. Further, a large number of companies in the sign industry throughout the country, including many competitors of Marketing Displays, have become distributors or customers of the "WindMaster" sign stands. (See Plaintiff's Proposed Findings of Fact 50-52).

Merely because the elements of a claimed combination are old does not negate patentability and inventiveness since this would preclude patenting of virtually all new devices, Reeves Instrument Corp. v. Beckman Instruments, Inc., 444 F.2d 263, 270-271 (9th Cir. 1971). Indeed, a patent consisting of a combination of old elements, the key element being a leaf spring as held valid by the Ninth Circuit Court of Appeals in

Cool-Fin Electronics Corp. v. Int'l Electronic Research Corp., 491 F. 2d 660 (9th Cir. 1971).

V. INFRINGEMENT BY DEFENDANTS OF THE CLAIMS IN SUIT

(P Pre-Trial Memo 9-14; P Reply Memo 2-4)

Beaman testified that all the various models of accused sign stands marketed by defendants, when the signs are mounted on them, infringed all five of the claims in issue, claims 3, 4 and 5 of the '696 patent and claims 1 and 2 of the '482 patent (Beaman St. 3-4; Tr. 118, 186-188). The basis for this conclusion, as Beaman brought out upon his examination, was that defendants' accused sign stands, as represented by courtroom exhibits PX 67, 68 and DX 603, were slavish copies, from the standpoint of function, of the sign stand described and claimed in the Sarkisian patents (Tr. 181-182). The differences in design which he did recognize to exist were not significant from the standpoint of his infringement determination, since in each instance where the applicability of the claim language to the accused sign stand structure was questioned, Beaman found there to be a "full equivalent" present (Tr. 182-188, 215-216). Specifically, on the three points to which defendants directed their arguments based on the defense of non-infringement, Beaman responded on examination as follows:

(1) "A pair of spaced apart generally parallel elongated ground-engaging members"*

While the ground-engaging legs of the base member of the defendants current "second generation" sign stand, PX 68, were not "parallel" to each other in the strict sense of the word they were "generally parallel" in the sense that their respective leg members resided in parallel planes. As to defendants' obsole "first generation" sign stand, PX 67 and DX 603, the respective portions of the stand leg members that

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* This language appears only in claims 3-5 of the '696 patent.

were in engagement with the ground were parallel to each other (Tr. 182-186). With both accused sign stands, spaced-apart legs are used to stabilize the base of the stand and thus the results are very similar (Tr. 215-216).

(2) "A pair of spaced-apart coil springs"; "Spring means connected at two spaced-apart locations"

Defendants argued strenously that the term "spaced-apart", as used in the claims in reference to the spring structure, was not applicable to their current version of sign stand in which the two coil springs, formerly separated by a substantial clearance, had been moved inwardly toward each other so as to be in touching contact. Beaman pointed out that the purpose to be served by the pair of springs, as described in the patents, was to avoid canting and twisting of the sign stand and also to define a direction in which the sign stand would deflect. Those purposes would be served if a sign stand were provided with at least one pair of non-concentric springs, i.e., springs whose respective axes are spaced apart. Even Werner, on his cross-examination, conceded that the pair of touching springs which defendants utilize in their latest model sign stand (DX 592 operates in substantially the same manner as the earlier models when the springs were separated apart, although there may be more sideways motion flexibility present when the springs are touching (Tr. 340-342).

Beaman explained that the language regarding the spaced-apart mounting of the springs was inserted into the patent claims during their prosecution for the express purpose of distinguishing over stand devices, such as shown in the Hood pate which utilized a pair of concentrically mounted springs (Tr. 197-199; Sarkisian patent file wrapper, PX 49, pg. 27). There was nothing in the file histories of the patents in suit which would require that the claim language be narrowly defined so as to not include springs which were spaced apart (i.e., non-concentric but also touching, since the functions served would still be the same, and that would not

be the case with the concentrically mounted springs of the Hood device (Tr. 216-218).

On the other hand, Allen, who admittedly was not proficient in patent prosecution matters (Tr. 357-358, 402-403), had not even reviewed the file histories of the Sarkisian patents in preparation for his testimony (Allen St. 2; Tr. 402) and thus his testimony, as to the limited range of meaning to be given the term "spaced apart" in reference to the mounting of the spring means, is clearly both incompetant and uninformed. It is "fundamental" in patent law that the claims of a patent are to be construed in the light of the specification and drawings United States v. Adams, 383 U.S. 39, 49, 86 S.Ct. 708, 15 L.Ed.2d 26 572, 579 (1966), and that the history of the patent application before the Patent Office must be taken into account in construing the meaning and scope of the claims, Schriber-Schroth Co. v. Cleveland Trust Co., 311 U.S. 211, 61 S.Ct. 235, 85 L.Ed. 132 (1940). Further, when repeatedly pressed on cross-examination to come up with a broader or better term than "spaced apart" to distinguish over the Hood sign stand structure and yet also include within the scope of a claim both touching springs (adjacent) and non-touching springs (with a clearance between) whose respective axes were separated (i.e., non-concentric), Allen could not do so (Tr. 403-409).

(3) "An upstanding frame structure having a relatively large surface area for receiving display indicia...the surface area of the frame being of a size which normally causes displacement of the base upon application of a sufficient wind force there against"*

Defendants state that their accused sign stands do not, by themselves without a sign board mounted thereon, present any substantial surface area to be acted upon by wind forces. However, such a literal interpretation of the claim language,

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* Claim 2 of the '482 patent contains only the first portion of the quoted-phrase.

so as to focus, as noted by Beaman, upon only the sign stand structure its uncomplete state and apart from the form which it takes when fully assembled and used in its intended environment (Tr. 118 is an artificial and unwarranted restriction on the scope to be accorded the claims in light of the magnitude of Sarkisian's advangement over prior art sign stand designs. In light of Sarkisian's teaching of the "WindMaster" concept, which incidental was incorporated by plaintiff into a roadside construction sign stand having a single upright and it coil springs mounted close together in an arrangement markedly similar to defendants' models, a full six years beforehand (PX 55; Tr. 248-249), and the unique manner in which "WindMaster" sign stands with large display areas* function, though unanchored and readily portable, to be stable against tipping under high wind conditions -- a function fully incorporated in the accused devices of defendants - Beaman had no difficulty in interpreting the questioned phraseolog to apply to the completed sign stand wherein the sign itself forms a part of the frame in the completed installation (Tr. 186-188).

Although defendants now vigorously contest infringement based on differences in their sign stand constructions which have been shown to be picayune, it is quite significant, on the substantive merit of such non-infringement arguments, that three patent lawyers, on different occasions and on their initial consideration of the matter, advised defendant Werner that the Sarkisian patents were infringed by defendants' portable construction sign stands. First was Mr. Klarquist who so informed Mr. Werner of his views both by letter (PX 10) and orally at a meeting (Tr. 317); next was defendants' current patent counsel Mr. Stuart who, Werner testified, had expressed concurrance with

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* Beaman interpreted "relatively large surface area" to refer to a sign of such size that winds normally encountered would cause a problem with reference to tipping, blowing over or being destroyed when the sign stands were placed in use.

Klarquist's views (Tr. 323-324); and the last was Penn-Chem Corporation's Philadelphia patent attorneys, Paul & Paul (Tr. 286). Admittedly, each of these patent attorneys expressed reservations at the same time as to the validity of the Sarkisian patents; however, in none of the instances was such reservation founded on any substance, such as one or more items of prior art turned up in a validity search which was more pertinent than any considered by the Patent Office. Moreover, the reservation only applied to one claim of one of the patents; there is no evidence that any such reservation was made to any other claims of the '696 patent, or, more importantly, to any of the claims of the '482 patent. Thus, such reservations must be considered as being no more than visceral reactions of the attorneys involved, arising out of the wishful expectation that such better prior art existed, and having little practical effect. In that connection, Werner testified that Klarquist from the very first referred to the value of undertaking a validity search to uncover prior art which would provide the basis for an invalidity determination (Tr. 318, 320), but defendants did not act on this advice until long afterwards, when suit for infringement was brought by plaintiff (Tr. 317).

Since the accused devices contain substantially the same elements, perform in substantially the same manner, and achieve substantially the same results as the patented Sarkisian invention they are the equivalent of the Sarkisian invention and an infringement thereof, Graver Tank &, Mfg. Co. v. Linde Air Products Co., 339 U.S. 605, 608, 70 S.Ct. 854, 94 L.Ed. 1097 (1949). This equivalence was clearly demonstrated by the tests conducted by plaintiff before trial and depicted in the film (PX 72, 72A) shown at the trial, in which all of the accused devices performed in precisely the same manner as the patented "WindMaster" sign stands.

In a somewhat similar manner, the Court in Botsolas v. Schultz Laboratories, 351 F.Supp. 188, 191 (C.D. Cal. 1972), applied the doctrine of equivalents and found infringement. See also, Systematic Tool & Machine Co. v. Walter Kidde &

Co., 390 F.Supp. 178, 200-202 (E.D. Pa. 1975), and Olympic Fastening Systems, Inc. v. Textron, Inc., 504 F.2d 609 (6th Cir. 1974).

VI. WILFUL AND WANTON INFRINGEMENT

(P Pre-Trial Memo 14-16)

The defendants' flagrant disregard for plaintiff's patent rights, despite the advice of at least three patent attorneys that the defendants' products infringed the patents in suit, and without an informed opinion on invalidity, fully justifies a finding of wilful and wanton infringement. Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F.Supp. 257, 273 (D. Ariz. 1974) aff'd, 532 F.2d 1266 (9th Cir. 1976), Rayonier, Inc. v. Georgia Pacific Corp., 156 U.S.P.Q. 110, 125 (abridged in 281 F. Supp. 17 687) (W.D. Wash. 1967)*. Indeed, Werner was informed of his infringement long before he began significant commercial manufacture of the accused devices, but he instead proceeded on the basis that it would probably take Sarkisian a few years to find out about him and he would attempt to get away with it for as long as he could.

Defendants' conduct also makes this an "exceptional cas" within the meaning of 35 U.S.C. §285, justifying an award of reasonable attorney fees to plaintiff. If the defendants had taken steps to change their product design, secure an informed validity opinion, or attempted to reasonably negotiate a settlement to this matter, the present trial might not have been necessary.

Furhter, the uncompromising and unreasonable position and attitude of defendants are evidenced by the unfounded positions taken by them on various issues in this case, such as Allen's view on patent validity, the various non-infringement

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* Copies of the unofficially reported cases that plaintiff is relying upon, i.e. those contained in the United States Patent Quarterly (USPQ), were submitted in booklet form to the Court during trial.

assetions, and the allegations of plaintiff's fraud and patent misuse. The defendants' actions throughout this case should not be condoned; instead, it is submitted, they should be made the basis for an award of increased damages and attorney fees to plaintiff.

VII. FALSE PATENT MARKING

(P Pretrial Memo 21-22)

Defendants admittedly included the term "patent pending" on labels and brochures long before a patent application was ever executed by Werner and filed in the Patent Office (PTO III,13) Werner also had secured patent and other legal advice from a number of attorneys and, despite his denials at the trial, knew the full meaning and significance of the term "patent pending". Werner's compulsive and aggressive policy to promote the sale of his "patented" products, as well as to license his "patent rights", substantiates his knowledge in various areas of patent law and his attempts to purposely mislead others. The testimony of Melesio, Lacy and O'Brien, who had direct contact with Werner, and the comments of Leach, Hensley and Sarkisian who attempted to clear up the misunderstandings created by Werner and the other defendants, overwhelmingly prove that the defendants engage in various acts of false patent making, in violation of 35 U.S.C. §292, and should be fined accordingly.

VIII. DEFENDANTS' OTHER DEFENSES

The defendants have also raised a number of other defense and contentions against Sarkisian, none of which have any substance, and none of which were proven in any regard at trial. In most instances, the complete paucity of evidence on these issues, as more clearly pointed out in plaintiff's proposed Findings of Fact, show that these issues were raised as a smokescreen by defendants in an attempt to

avoid a full and fair analysis on the basic issues in the case which are uniformly in plaintiff's favor.

For example, defendants' allegations of fraud on the Patent Office, patent misuse, invalidity of the patents under 35 U.S.C. §112, and unfair competition, simply provide no basis in law or in fact upon which findings can be made against plaintiff. The plaintiffs position on those issues, as well as the supporting law, is adequately set forth in Plaintiff's Pre-Trial Memorandum (pgs. 22-25), Pre-Trial Reply Memorandum (pgs. 10-12), proposed Findings of Fact (78-82, 84-86) and proposed Conclusions of Law (20-21) and does not have to be repeated here.

The only issue raised by defendants which deserves further mention, not due to its merit, but because it is a confusing and technical area of patent law, is their claim that the '482 patent is invalid for double patenting over the '696 patent. The proper statement of the law on this issue is cited in plaintiff's pretri reply brief (P Reply Memo, 7-9). The authority in this Circuit supports the view that the two patents in suit are not invalid for double patenting since: (a) the two patents are in the name of the same inventor; (b) the two patents terminate on the same date; (c) the applications upon which the two patents were based were co-pending in the Patent Office; and (d) the two patents are and remain commonly owned. Saf-Gard Products, Inc. v. Service Parts, Inc., 370 F.Supp. 257, 271 (D. Ariz. 1974), aff'd, 532 F.2d 1266 (9th Cir. 1976). Also, the Patent Office Examiner did not raise the issue of double patenting, even though he knew of the claimed scope of both co-pending applications, and the presumption of administrative correctness within the Patent Office is given much weight on this point, Pursche v. Atlas Scraper & Engineering Co., 300 F.2d 467, 481 (9th Cir. 1962), Southern Implement Mfg. Co. v. Mclenmore, 350 F.2d 244, 249 (5th Cir. 1965), and Uncas Mfg. Co. v. McGrath-Hamin, Inc., 265 F.Supp. 1008, 1012 (D.R.I. 1967).

The only case cited in Defendants' Reply Brief on the issue of double patenting was In Re Vogel, 422 F.2d 438

(C.C.P.A. 1970), for the proposition that 35 U.S.C. 101 does not allow the same invention to be claimed twice. By definition at the commencement of the opinion, however, the Court equated "same invention" with "identical subject matter", 422 F.2d at 441. The Court went on further to state that:

> "A good test, and probably the only objective test, 'same invention', is whether one of the claims could be literally infringed without literally infringing the other. If it could be, the claims do not define identically the same invention", supra at 441.

As a result, the Curt found that process claims reciting meat, pork, and beef did not recit the same invention twice. If the claims are not identical then the court in Vogel stated that the next step is to determine if the claims in question are merely "obvious variations" of the invention disclosed and claimed in the first patent. If the answer is affirmative, then a terminal disclaimer is required to save the validity of the second patent.

In the present case, it is clear that the claims of the '482 and '696 patents are not "identical". The witnesses both plaintiff and defendants at trial showed that some variation exist; it is possible to infringe the claims of one patent with out infringing the claims of the other since they all have different scope. The Patent Office further adjudged this to be the case when it issued the '482 patent. The question whether these variations are obvious does not arise due to the terminal is disclaimer. Accordingly, the '482 patent in suit is not invalid under the weight of authority either in the Ninth Circuit of the Court of Customs and Patent Appeals. See also In Re Thorington, 418 F.2d 528, 534 (C.C.P.A. 1969).

It is also interesting to note that the rationale of the principle case cited by defendants in their pre-trial memorandum, namely Sterling Varnish Co. v. Louis Allis Co., 149 F.Supp. 826 (E.D. Wisc. 1957), was neither cited nor followed by the Seventh Circuit in a later case, J.R. Clark Co. v. Jones & Laughlin Steel Co., 288 F.2d 270, 281 (7th Cir.

1961), cert. denied, 368 U.S. 828 (1961), where the plaintiff's present position as supplied by the Saf-Gard case, was the rule of decision.

IX. CONCLUSION

The relief sought by plaintiff in this action should be granted.

November 28, 1977

/s/ John A. Artz
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CERTIFICATE OF SERVICE

It is hereby certified that true and correct copies of PLAINTIFF'S POST-TRIAL BRIEF AND PLAINTIFF'S FINDINGS OF FACT AND CONCLUSIONS OF LAW were hand delivered to defendants' attorneys Kolisch, Hartwell, Dickinson & Stuart, 1004 Standard Plaza, Portland, Oregon 97204, this 30th day of November, 1977.

/s/ Daniel P. Chernoff
Daniel P. Chernoff

PLAINTIFF'S OBJECTIONS TO DEFENDANTS' EXHIBITS

Plaintiff objects to the following trial exhibits of defendants:

DX605 Sarkisian deposition

DX606 Hensley deposition

DX607 Leach deposition

DX611 Letter: Ciamporcero to Werner dated 7/26/76 with attached proposed agreement

DX612 Letter: Ciamporcero to Werner, dated 8/6/76

A. DX605, 606 and 607

These three exhibits constitute transcripts of pretrial depositions of plaintiff's witnesses. All of the witnesses, however, were present at trial and cross-examined by defendants. Thus, the deposition transcripts are inadmissible at least as to the two non-party witnesses, Leach and Hensley, under the terms of Rule 32(a) of the Federal Rules of Civil Procedure. See also, G. E. J. Corp. v. Uranium Aire, Inc., 311 F. 2d 749, 755 (9th Cir. 1962).

As to the Sarkisian deposition, it is submitted that it is also inadmissible under the spirit of Rule 32(a), as well as being merely cumulative and irrelevant. The defendants had ample opportunity to question Sarkisian at trial concerning all relevant areas and they should not now be allowed to use his deposition to supplement that questioning and to go into areas irrelevant to the issues presented at trial.

B. DX611, 612

These are the so-called "impeachment" exhibits offered by defendants during direct examination of Werner apparently to impeach a statement made by O'Brien. In the O'Brien statement, he stated that he broke off license negotiations with respect to Werner's "patent rights" - evidently due to various misstatements, omissions and the like made by Werner during

the negotiations - and, as a result, contacted Marketing Displays and Sarkisian and eventually reached an agreement with them. Frankly, it is mystifying why the exhibits were offered since they do not contradict that testimony, nor any other testimony of O'Brien.

The O'Brien "impeachment" exhibits should be excluded from this case for a number of reasons. First, it is important to point out that counsel for both parties, at the request of Judge Solomon, had a conference telephone call with O'Brien one week before trial in which O'Brien confirmed all of the information contained in his statement and after which the defendants' counsel stated that he did not want to add anything else to it (Tr. 287-290). Secondly, at trial, defendants' counsel stipulated without reservation, as to the contents of the O'Brien statement (Tr. 64-65). Later, when exhibits DX611 and DX612 were first disclosed at trial, and, for the first time seen by plaintiff's counsel, plaintiff's counsel, who believed that he earlier had reached an agreement with defendants' counsel as to the O'Brien statement, was shocked. As a result, this court reserved ruling on exhibits DX611 and DX612 and granted plaintiff the right to take O'Brien's deposition after trial (Tr. 287-290).

When the initial shock wore off, however, and the exhibits were reviewed in detail, it became clear that an additional deposition was not necessary. The documents simply do not contradict or impeach O'Brien's statement in any regard. Defendants' claim that it contradicts O'Brien's statement that he "immediately" broke off negotiations with Werner after their second meeting, but O'Brien never said "immediately"-only that he thereafter terminated discussions with Werner (O'Brien St. 2-3).

Accordingly, defendants' exhibits DX611 and 612 should not be admitted into evidence because they (1) are not proper impeachment exhibits, (2) are irrelevant to any of the issues in this case, (3) violate the agreement reached between counsel prior to trial, and (4) are contrary to defendants' stipulation at trial as to the contents of O'Brien's testimony.

FIG. 1

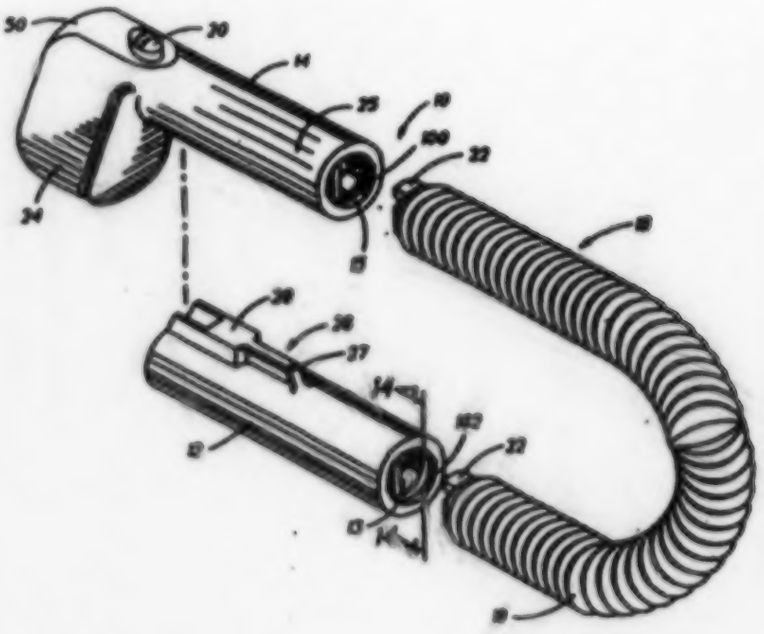

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EXHIBIT W

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.

Plaintiff,

v.

TRAFFIX DEVICES, INC.

Defendant.

Honorable Paul V. Gladola

Civil Action No. 95-CV-40230

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DECLARATION OF JACK KULP IN OPPOSITION TO MDI'S MOTION FOR SUMMARY JUDGMENT THAT DEFENDANT'S DUAL SPRING MOUNTED SIGN STANDS INFRINGE MDI'S TRADE DRESS

Jack Kulp, being duly sworn states:

1. I am President and founder of Defendant, TrafFix Devices, Inc. and make this Declaration in opposition to MDI's Motion for Summary Judgment That Defendant's Dual Spring Mounted Sign Stands Infringe MDI's Trade Dress.

2. Prior to founding TrafFix in October of 1986, I was President of the Signal Division of Royal Industries which was acquired by Lear Siegler, Inc., (LSI-Signal) in the spring of 1975.

3. During the last four to five years that I worked for LSI-Signal (1981-1986), the company became a distributor of MDI's WINDMASTER sign stands. MDI provided some advertising literature and distributor information to LSI-Signal in the early years as a distributor. In addition to distributing this literature and sales information to potential customers, LSI-Signal utilized it as factual guidelines to prepare its own advertising literature for MDI's WINDMASTER sign stand.

4. When LSI-Signal prepared advertisements and promotional materials for the WINDMASTER sign stands, all such advertisements and materials were based upon model literature and data previously provided by MDI and were approved by MDI prior to distribution by LSI-Signal.

5. Recently, while I was cleaning out my garage, I located some promotional materials that had been developed by, or in conjunction with, MDI during the time that I was employed by LSI-Signal. All of this material is still in the original form developed by MDI and LSI-Signal. This material was used in promoting the WINDMASTER sign

stands during the early to mid 1980's. Some excerpts of this material are attached hereto as Exhibits 1-2.

6. While working with MDI as a distributor of the WINDMASTER sign stand, I became knowledgeable that the functional configuration of the dual spring sign stand was protected by United States utility patents. During my employment with LSI-Signal and since that time, I have reviewed MDI's United States Patent Numbers 3,646,696 and 3,662,482, on several occasions.

7. During my employment with LSI-Signal, I became aware that both the '696 and '482 patent were successfully asserted against several sign stand manufacturers, including Winn-Proof Corp., the manufacturer of a sign stand having a closely spaced dual spring dual configuration.

8. Through my many years of dealings with patents and patent attorneys, I became aware that upon expiration of a patent, the invention covered by that patent becomes part of the public domain.

9. When I decided to make a wind resistant sign stand, I was aware that both the '696 and '482 patents had previously expired.

10. When developing my wind resistant sign stand, I believed that I had a legal right to utilize any of the functional designs covered by the expired MDI patents. It was my belief then, and is now, that the dual spring design of the MDI WINDMASTER sign stand became a part of the public domain upon expiration of MDI's utility patents.

11. It has NEVER been my intention to trade upon any goodwill or secondary meaning that may be associated with the WINDMASTER name or type of sign stand. Rather, I have always believed that I was adapting to my design some of the WINDMASTER functional features that are the subject of expired utility patents.

12. Although I referred to the TrafFix dual spring sign stand as the new steelmaster in internal communications only,

this reference occurred long before we had decided on a name for our dual spring sign stand, which was subsequently named the WINDBUSTER.

13. The sign stand that was ultimately developed and sold by TrafFix was not nearly identical to the MDI stand. One of the most significant differences is the unique TrafFix STEP-N-DROP® leg design which was developed by TrafFix Devices prior to the introduction of its WINDBUSTER sign stand. This unique design eliminated the need to bend over and release each leg individually by utilizing the old in the art, pull pin design of MDI and others. The United States Patent and Trademark Office on March 18, 1997 agreed that this leg deployment design was unique and granted TrafFix Devices United States patent number 5,611,509, which will expire 20 years from its application date of November 22, 1994 or November 22, 2014.

14. In an effort to further differentiate the TrafFix dual spring sign stand design from MDI and others, we developed a new spring loaded roll up sign holding bracket, as well as a new rigid sign holding bracket, which incorporates similar patentable features in both brackets. On August 5, 1996, the Patent and Trademark Office notified TrafFix that the utility patent application for the rigid and roll up signs brackets, with 39 clams, was allowed and will issue shortly.

15. The TrafFix Devices company name appears on each and every dual spring sign stand manufactured and distributed by TrafFix Devices, Inc.

16. I have been told the MDI has argued that TrafFix's small "traffix stand" is an equivalent to the WINDBUSTER dual spring sign stands. This is just not true. The TrafFix stand is designed to utilize only roll up signs and cannot, without modifications or adaptation, mount or support any size of rigid sign, let alone a 48"x48" rigid sign. The TrafFix sign stand itself is not wind resistant. Any wind resistant capability comes from the roll up sign frame which bends and

flex's in the wind when used in concert with the non wind resistant TrafFix sign stand.

17. Attached as Exhibit 3 is a declaration I previously submitted in this matter. I have reviewed that declaration and believe that all statements set forth therein are true.

/s/ Jack Kulp
Jack Kulp

Date: March 28, 1997

WINDMASTER

WindMaster vs Sign-Up Flex Mast Power Cell

SAFETY

All WindMaster signstands are designed with safety in mind. Pivot points (spring mounting locations) are always below bumper height of even sub-compact cars. And all elements of the system are mechanically locked together in such a way that they stay together when struck by a full size vehicle at any legal speed.

Sign-Up's Flex Mast Power Cell, on the other hand, takes the opposite approach. The pivot point is above typical car bumper height, and the upright (a separate piece) is a simple slip fit--no positive lock of any kind. This creates a situation where the upright and sign can become lethal projectiles in the event of an impact. In our testing of the Flex Mast, the sign separated and went through the windshield and the upright flew nearly a hundred feet. Sign-Up also promotes the fact that they sell extensions which allow the user to raise the pivot point even higher with more loose pieces, creating a greater danger.

WORKER SATISFACTION

All research indicates that a worker's proclivity for using discretionary equipment is inversely related to the degree of difficulty of use of that equipment. The easier to use, the greater the probability that it will be used. And, temporary warning signs need to be used.

WindMaster weighs less, sets up faster, and comes down easier than any other signstand on the market, including the Flex Mast Power Cell.

The best way to demonstrate the truth in this statement is to conduct a simultaneous, side-by-side set-up and take-down using WindMaster and Flex Mast. Take particular note of

what's involved in folding up the last leg on a Flex Mast unit. It is a difficult task.

COST EFFECTIVENESS

The fact that WindMaster offers the only four year signstand guarantee in the industry says a lot. The reason we can offer such a warranty says even more. No one else takes the pains we do in designing, testing and building signstands.

Compared to Flex Mast, WindMasters are made of 6061-T6 alloy aluminum instead of painted steel (all steel parts on WindMasters are electrostatically coated for corrosion resistance). WindMasters use two custom designed coil springs as opposed to a single die spring on the Flex Mast Power Cell. WindMasters save gas (due to lighter weight), labor (due to easier, quicker use), and direct cost because they last longer.

WindMaster is the original, and still the best by far. We outsell all of our competitors combined by a three to one margin. If you compare, you'll see there is no comparison.

a product of marketing displays, inc., 24450 Indoplex Circle, P.O. Box 576, Farmington Hills, MI 48018

October 16, 1995

Mr. John A. Artz, Esq.
Brooks & Kushman P.C.
1000 Town Center, Twenty-Second Floor
Southfield, MI 48075

Re: MDI-Traffix Devices
Your file: MDI 0455 A
Our file: L-1095

Dear Mr. Artz:

We are in receipt of your letter of August 28, 1995, but continue to disagree with your conclusions regarding the likelihood of confusion in the marketplace between MDI's marketing and sale of its WINDMASTER sign stands and TrafFix Devices' marketing and sale of its WINDBUSTER sign stands.

As you well know, the relevant market for sign stands of the type marketed by our respective clients is quite small and specialized. It is by no means comparable to a mass consumer market, wherein the product differentiation skills possessed by the consumers in that market are very minimal and confusion is likely. In the traffic sign stand market, the consumers are buyers of traffic safety equipment, who are quite aware of the relatively small number of suppliers in the market and who usually purchase by contract, often using a competitive bidding procedure, wherein there is direct contact between the buyer and the supplier or his representative. The typical buyer in the relevant market does not purchase "casually", but rather upon careful consideration of the relative merits and pricing of each product, as well as the reputation of the supplier and the outlook for a long and successful relationship with that supplier. Despite your anecdotal account of an example where one city buyer may have been momentarily confused, the two marks are not

similar in appearance nor in meaning, as explained in our previous letter, and buyers in the construction sign market should be able to easily differentiate, without confusion, between the two marks and their associated products.

For this reason, of primary importance in the construction equipment market is the reputation of the supplier in the marketplace and the quality and price of the product he sells. The policy of TrafFix Devices is to develop and cultivate relationships with customers by promoting its own good and well established name in the marketplace, and certainly not by trading off of the name of a competitor such as MDI. This is why TrafFix Devices always associates the WINDBUSTER mark with at least one of its registered house marks, as we explained in our previous letter.

While we strongly believe in the correctness of our position, we are also desirous of avoiding the expense and waste of protracted litigation, if possible. Accordingly, we are notifying you of the pending federal registration of the WINDBUSTER mark, for which a Notice of Allowance has been received and the Statement of Use subsequently filed. We are somewhat surprised that, given your strong objections to the mark, you did not avail yourself of the opportunity to file an opposition when it was published in March of this year, but we are nonetheless willing to stipulate to the filing by you of a petition to cancel, wherein it is agreed that should MDI prevail, TrafFix will not appeal the Patent & Trademark Office determination and will phase out its use of the mark, and, should TrafFix prevail, MDI will not appeal the Patent & Trademark Office determination, nor bring suit for trademark infringement, and will permit TrafFix Devices to use the mark without interference.

In addition to the above, our client is willing to stipulate to the prominent association of one of its registered house marks with the WINDBUSTER mark in all instances of use in connection with the products, as well as in its marketing materials, in the manner evidenced by the sign stand labels and sales brochures provided to you with our previous letter.

This has been done to date, evidencing our client's commitment to developing and maintaining its own goodwill in the marketplace, rather than trading on the goodwill of another, but are willing to stipulate to doing so on a continuing basis. Also, we would be willing to stipulate to discontinuing the use of the WINDBUSTER mark in the form to which you raised particular objections, namely wherein the two words are run together with two capital letters, once our client's present supply of marketing materials has been exhausted.

Regarding the trade dress issue, TrafFix Devices continues to believe that there is no merit in MDI's position. As we pointed out in our previous letter, the sign stands marketed under the WINDMASTER mark are constructed primarily of unpainted aluminum, whereas the signs marketed under WINDBUSTER mark are all steel sign stands painted in standard construction zone colors of orange and black. Therefore, the overall appearance of the WINDBUSTER sign stands is distinctly different than that of the WINDMASTER sign stands, so that there should be no likelihood of confusion as to source in the marketplace. Your statement that the different materials and colors of the TrafFix products "is not significant" in not understood, since they create a distinctly different appearance, and the color scheme of a product is often of key importance when trade dress is an issue.

With respect to the product configuration position you espouse; i.e. that MDI has secured a secondary meaning in the marketplace for a portable sign stand having an upright connected to a pair of closely spaced coil springs positioned on a narrow base with angled legs extending therefrom , this appears to be an unjustified attempt to monopolize the market by extending now-expired patent coverage on this particular configuration. The configuration at issue is entirely functional and utilitarian, and therefore is not protectible under trade dress laws, even if secondary meaning is proven (and you have not supplied any evidence at all of secondary meaning). The two coil spring configuration is required to accomplish

the function TrafFix Devices desires for its sign stands, and MDI may not force the use of an inferior or more costly configuration absent enforceable patent protection. Furthermore, given our client's diligence in labeling the product to indicate TrafFix Devices as the source, and the products' different appearance because of the different colors and materials employed, it is highly unlikely that the employment of the two coil spring configuration would cause any confusion in the marketplace, in any event.

We trust that the foregoing is satisfactory to your client and that we may quickly put this matter to rest.

Very truly yours,

/s/ Donald E. Stout

Donald E. Stout

DES:dec

cc: Mr. Jack Kulp
President
TrafFix Devices, Inc.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff(s),

-vs-

TRAFFIX DEVICES, INC.,

Defendant(s).

Case No: 95-CV-40230

EXPERT DEPOSITION

DEPONENT:	DAVID HILLSTROM
DATE:	Thursday, February 20, 1997
TIME:	9:45 a.m.
LOCATION:	1000 Town Center, 22nd Floor Southfield, Michigan
REPORTER:	Angela E. Probst, CSR-4679

Q. So presently --

A. I do not have any managerial responsibilities.

Q. And you are smiling. So, presently, do research, development and design activities occupy your full-time--

A. Yes, they do.

Q. In your capacity as an individual in research and development for MDI, do you have much customer contact?

A. Some.

Q. Would you define what you mean by "some"?

A. I see customers when it is needed to see customers. When I'm developing the products, we have --often visit customers to show them new products and talk to them to get a feeling about whether we are on the right track or not.

Q. Have you done that --

A. It might fit into the category of marketing.

Q. Have you done that with respect to any sign stands since you have been back at MDI since 1984?

A. Yes, I have.

Q. What sign stands would those be?

A. We have some brand new ones that were --

that are really privileged information.

Q. Those probably aren't going to be pertinent, but we'll follow up on those on a separate record.

A. Okay.

Q. How about any of the ones that you presently have out?

A. Back when we -- are you talking about had back when we first designed them or -- well, since 19 -- no. The answer would be no since 1984.

MS. MARSHALL: John, I believe the last exhibit at Mr. Hillstrom's previous deposition was 11. Do you agree with that?

MR. ARTZ: Yes.

MS. MARSHALL: If you have no objection, I'll start with Exhibit 12 --

MR. ARTZ: All right.

MS. MARSHALL: -- for this deposition.

(Deposition Exhibit No. 12 marked for identification.)

Q. Mr. Hillstrom, I'm going to show you a document that has been marked as Hillstrom Exhibit 12, and ask that you review that document, please.

MS. MARSHALL: I have a copy for your

* * * * *

[Pages 12-25 omitted]

A. I would say Sign-Up's unit is probably as durable as ours.

Q. Well, what about these 80 mile an hour winds? Do you know if a Sign-Up stand could withstand --

A. It probably could not.

Q. What about ease of setup and take down? Is that about the same?

A. It is about the same.

Q. What about capabilities of supporting, say a large 48 inch rigid sign? Would that be about the same as a Windmaster?

A. It would be approximately the same capability. Without looking at the dimensions of the base and being very specific, it would be hard to make a real accurate judgment, but just generally speaking.

Q. Why is it necessary to look at the dimensions of the base?

A. Because the stability of each unit would depend on the size of the base in relationship to the size of the sign that is being put on that base.

Q. Would the legs have anything to do with that?

A. Yes, of course. The dimensions of a

* * * * *

[Pages 27-29 omitted]

Considering all the factors that you listed as far as durability, is the Eastern Metal flat spring design as durable as the MDI Windmaster design?

A. Sure, it is as durable.

Q. Assuming that it has a good paint job?

A. Assuming that it has a good paint job or equal -- an equal quality coating.

Q. Do you know if it has the interchangeability of parts in the field? Is that something that you can do with the Eastern Metal's flat spring?

A. Well, it may be more difficult to change those parts than MDI's parts.

Q. Is that something -- you believe that it is more difficult?

A. Yes, I think so.

Q. Could the Eastern Metal's flat spring withstand wind forces of -- or wind speeds of 75 to 80 miles an hour?

A. I believe so.

Q. What about the Eastern Metal's dual spring design? Is that as durable as the MDI design?

A. Yes, it is.

Q. And does the Eastern Metal dual spring

* * * * *

[Pages 31-33 omitted]

MR. ARTZ: Let her finish the question. You started to answer before she finished.

THE WITNESS: I didn't know I did that.

MS. MARSHALL: I do it all the time.

Q. What about stability and the ability to adapt on uneven terrain? Is the Sign-Up Corporation sign stand equivalent to the MDI Windmaster and Steelmaster sign stands?

A. Approximately equivalent, yes.

Q. How does the Sign-Up sign stand adapt to uneven terrain?

A. It has detents positions in the base to allow the legs to be adjusted into uneven terrain positions.

Q. What about the Eastern Metal flat spring design? Does that adjust as well on uneven terrain?

A. I believe it does.

Q. What about the Dicke Tool horizontal spring design, is that something that can have parts easily interchanged in the field?

A. With reference to the springs, if they had

to be changed, I haven't examined it that closely that I can make a judgment.

Q. What about with regard to other aspects?

A. The legs and the upright can be changed approximately as easily as the Windmaster.

Q. Is there something about the horizontal spring that might make it more difficult or --

A. I really don't know. There could be some things, but I don't know. I haven't studied it closely.

Q. Did you attempt to remove the horizontal spring?

A. No, I didn't.

Q. What about the Dicke Tool sign stand with the horizontal spring; could that withstand gusts of 75 -- or strike that.

Could the Dicke Tool sign stand with the horizontal spring withstand 75 to 80 mile an hour winds?

A. Yes, it could.

Q. Could it do so to the same degree as the MDI Windmaster and Steelmaster?

A. Yes, it could.

Q. Is the Dicke Tool design a more complex design than the MDI Windmaster design?

MR. ARTZ: What do you mean by --

A. It is a question of -- complexity is a broad question, I guess. I would say they would be approximately equal in complexity.

Q. Does the Dicke Tool have more parts than the Windmaster design?

A. I think they would be approximately the same number of parts. There may be a few additional parts in the Dicke Tool.

Q. There may be a few additional in the Dicke Tool?

A. Right.

Q. Do you know the cost of manufacture of the Dicke Tool design versus the Windmaster design.

A. I don't know the cost.

Q. Now this all started with the last sentence of paragraph one of Hillstrom Exhibit 12, and in that sentence you also state that there are some hypothetical alternatives. Can you tell me what those are?

A. Sign stands can be made many different ways.

Q. Were you considering any specific ways when you reviewed that statement?

A. Yes. Two uprights could be used rather

than one, and has been done.

Q. Who has that been done by?

A. Excuse me, I meant to say a frame could be made with two uprights.

Q. Is that something that MDI did prior to going to the single upright?

A. If you remember the description I gave you of the first generation of MDI products, they were essentially two uprights.

Q. Okay. I have those exhibits. I have those exhibits with me; now I just have to see if I can pull out the right one.

Mr. Hillstrom, I'm going to show you a document that was previously marked as Hillstrom Exhibit Number 5, and ask you, is that the --

A. Yes, that is the one I was referring to.

Q. Okay. Thank you. Were you thinking of any other hypothetical alternatives when you agreed to the statement in the last sentence of paragraph one on page 2 of Hillstrom 12?

A. Yes, I was thinking about two vertical support members that were more closely spaced apart, but not right together, that could be used to support the sign stand and the spring and base assembly.

Q. Would that design that you were thinking of

still have two springs?

A. Yes.

Q. Would it still have a fairly narrow base?

A. Yes.

Q. Would it still have four skewed legs?

A. Yes.

Q. So is it fair to say that the design that you were contemplating was like the Windmaster design, with the exception that it had an additional upright?

A. Yes.

Q. Would the addition of another upright add more material to the sign stand?

A. Yes.

Q. At least to the extent that there was additional material, all else being equal, the sign stand would be more expensive to make?

A. Yes.

Q. Were you thinking of any other hypothetical alternatives with respect to that statement in paragraph one?

MR. ARTZ: Specific ones or general? Because he already answered in general.

MS. MARSHALL: I'm asking him what alternatives -- strike that. I'm asking him what

hypothetical alternatives he considered to be available as stated in paragraph one.

Q. Were there any others that you specifically --

A. I was thinking also of a welded frame arrangement where there would be a frame used as an upright rather than a single column.

Q. Would all else be the same in that embodiment?

A. Well, the springs would be a little further apart, and the legs would be -- and base would be slightly wider, but it would be still a design that would be a hypothetical alternative to what we are doing.

Q. Is that something that would also add more material?

A. It could add more material.

Q. So the extent that it added more material, it would be more costly, if everything else were the same?

A. It could be a little more costly.

Q. Okay. Any other hypothetical alternatives?

A. Those were the two that I had been thinking about.

Q. Okay. Let's talk about the Korman Sign for

a moment. You refer to a Korman Sign on the bottom of page 2 of Hillstrom 12. Which specific sign are you referring to?

A. Korman has a sign with a weird spring arrangement at the bottom that is different from anybody else's spring arrangement, is the best I can describe it.

Q. Is it sort of the 45 degree angle spring arrangement?

A. Let's see. It is either that or Services & Materials, and I can't remember which one is which. Yeah, it has the -- it has, yeah, it is -- I believe it is the 45 degree. No, they -- it has those extension springs on the bottom of it.

Q. Is that Korman model that you were referring to as durable as the Windmaster sign stand?

A. Again, I haven't really examined it for durability, but I would think it would be approximately as durable.

Q. Do you know if it would be as durable?

A. It is very difficult to answer that question. I haven't tested it for durability.

Q. What material is the Korman sign stand made out of?

A. Steel.

Q. So if you were comparing it with respect to the Steelmaster sign stand, would it be about as durable? Still hard to answer?

A. Again, the question -- I haven't thought about its durability. It is approximately the same.

Q. Okay. What about the stability on uneven terrain? Do you know how that compares to the Windmaster and Steelmaster products?

A. It has a leg adjustment for uneven terrain, but the stability has to do with the size of the base and the degree that they adjust, and I haven't actually looked at it carefully to be able to determine if it is equal or not.

Q. Okay. Anything that would give you an indication that it was or was not, just based on the design?

A. Nothing pops to my mind.

Q. What about wind performance? Could the Korman sign stand that you are referring to withstand 75 to 80 mile an hour winds?

A. No, I don't think so.

Q. What about repair in the field? Is that something that would be as easy to do with the Korman sign stand as with the Windmaster and the Steelmaster sign stands?

A. Again, there are many different designs. It is hard to remember the exact construction of each one in terms of its ability to be unbolted, and I didn't look at it with that necessarily in mind when I looked at it, so I can't really truthfully answer that question.

Q. Do you know if that is something that Korman offers, a spare parts list?

A. I don't recall. I think they do have a spare parts list.

Q. Okay. What about the Service & Material sign stand that you are referring to? Is that sign stand as durable as the Windmaster and Steelmaster products?

A. Again, the question of durability involves many issues. Again, I would say it is approximately as durable.

Q. If I took better notes, I could tell you what all those factors were, but what about repair in the field? Is the Service & Material sign stand something that can be as easily repaired in the field as a Windmaster or Steelmaster product?

A. Again, the -- I didn't study it to see if that was doable, but I believe that the legs and the upright are replaceable in the field of that unit.

Q. Does the Service & Material design have springs?

A. Yes.

Q. Are those something that can be replaced in the field as well?

A. I believe they can, but I'm not sure. I can't recall.

Q. Is the Service & Material the 45 degree angle spring design, or is it a different design?

A. It is a different design.

Q. And what design is the Service & Material design?

A. I'm having trouble recalling. I need to review a little bit to remember that one.

Q. Okay. Finally, I don't think we talked about Work Area Protection. Is that a sign stand that is as durable as the Windmaster and Steelmaster sign stands?

A. Again, it is a steel unit that--the protection of the paint on there, if we are talking about that durability, is one factor. If we are talking about its ability to be durable because it is strong enough and would withstand the wind forces, is another factor. But I believe it is approximately as durable as out units are.

Q. Do you know--

A. In particular, the Steelmaster, because we're talking about a steel product versus steel product.

Q. And any steel product would be a little less durable than an aluminum product?

A. No. No.

Q. Not necessarily?

A No.

Q. Does that depend on the finish?

A. It depends on what durability we are talking about; if we are talking about the durability of the finish or if we are talking about the strength durability, if you will, the ability of -- the durability of the stand to withstand abuse in the field and wind pressures. There are three different measures of durability right there.

Q. Well, with respect to materials, is it fair to say that aluminum is going to be more durable than steel?

A. If we are talking only about the ability of that material to resist, that durability quality of corrosion or deterioration of the product; not physical abuse.

Q. Are they the same as far as physical abuse,

or is one better than the other?

A. If we are talking about physical abuse, they are approximately equal.

Q. Okay. As far as corrosion, aluminum will be better than steel?

A. That is true.

Q. Okay. I may have asked you this, and if I did, I'm sorry. Can the Korman sign stand withstand wind velocities of 75 to 80 miles an hour?

A. I don't think so.

Q. Okay. What about the Services & Materials sign stand? It would be the same question.

A. I don't think so.

Q. Do any of the sign stands that you have enumerated, the Dicke Tool, Sign-Up, Services & Material, Korman Signs, Work Area Protection, or the Eastern Metal flat spring, have the same ability to withstand twisting as the MDI Steelmaster and Windmaster sign stands?

A. Yes, they do.

Q. All of them or some of them?

A. Well, there is a certain degree of twisting in each of them that is reasonable, from my opinion. I think they all would -- can withstand -- in each of them there is a method that was used to prevent

* * * * *

[Pages 46-72 omitted]

necessarily -- you are assuming something that is not in evidence, because you have had testimony here from a lot of people that --

MS. MARSHALL: Counsel, I'm not asking you to testify. Make your objection, we'll note it, and the witness can answer the question.

MR. ARTZ: I did. Objection.

MS. MARSHALL: Can you read back the question, please?

(Record repeated)

MR. ARTZ: Objection. You haven't set any type of standard or basis for that being the only basis for the rejection or acceptance of others.

MS. MARSHALL: Your objection is noted.

Q. Are you aware of that?

A. I'm aware that bids can be lost over monetary differences, small monetary differences.

Q. And what do you consider small monetary differences?

A. Cents

Q. Okay. We talked earlier about some various sign stands that were available on the market, and are those the sign stands that you were referring to at the -- in the sentence at the bottom of page 6 and

* * * * *

UNITED STATES DISTRICT COURT
EASTERN DIVISION OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

-vs-

TRAFFIX DEVICES, INC.,

Defendant.

Case No: 95-CV-40230
Hon. Paul V. Gadola

DEPONENT:	DAVID U. HILLSTROM
DATE:	Monday, September 23, 1996
TIME:	10:00 a.m.
LOCATION:	1000 Town Center Southfield, Michigan
REPORTER:	Pamela D. Cameron, CSR/5097

APPEARANCES:

BROOKS & KUSHMAN, PC
By: Mr. John A. Artz
By: Mr. John S. Artz
1000 Town Center
22nd Floor
Southfield, Michigan 48975-1351
(810) 358-4400

Appearing on behalf of the Plaintiff.

REISING, ETHINGTON, BARNARD & PERRY
By: Ms. Jeanne-Marie Marshall
By: Mr. Richard W. Hoffmann
201 W. Big Beaver
Suite 400
Troy, Michigan 48099-4390
(810) 689-3500

Appearing on behalf of the Defendant.

ALSO PRESENT:
LISA SARKISIAN - IN-HOUSE COUNSEL

I N D E X

WITNESS .....PAGE

DAVID U. HILLSTROM

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Southfield, Michigan
September 23, 1996
10:00 a.m.

D A V I D H I L L S T R O M ,

was thereupon called as a witness herein, and after having first been duly sworn to tell the truth, was examined and testified as follows:

MS. MARSHALL: For the record, Mr. Artz, what categories of the 30 (b) (6) deposition Notice is Mr. Hillstrom being produced to testify regarding?

MR. ARTZ: Categories twelve, thirteen and fifteen.

MS. MARSHALL: Will there be anyone produced with respect to category fourteen?

MR. ARTZ: No.

MS. MARSHALL: Since we have the Notice out, I'm going to have a copy of the Notice marked.

(Deposition Exhibit Number 1 was Marked for Identification).

MS. MARSHALL: While we have the deposition Notice out, Mr. Artz, if we could go through it and if you could tell me who will be

produced by MDI to testify regarding various subject matters.

Under Roman numeral heading number two subject matter starting on the unnumbered page of the deposition, first paragraph is paragraph number one.

MR. ARTZ: Let's just go through the different categories. The category number one, the witness to be produced is John Sarkisian. Under category two, as to the WindMaster, the pertinent person would be Robert Sarkisian. Actually, he does have knowledge as of the SteelMaster, too, although we've objected to that since the Steel Master trademark is not at issue.

Category three, John Sarkisian. Category four, that'll be a Julie Holl, Glenda Beau, B-E-A-U, John Sarkisian again. And there's also another witness possibly called Mara; I forget her last name. Bitte, Mara Bitte.

MS. MARSHALL: What is she on your original witness list?

MR. ARTZ: No, she's on the revised witness list.

MS. MARSHALL: I think we're on category five.

* * * * *

[Pages 6-40 omitted]

were asked to make something that was not so heavy and more compact.

Q. When you say we, who are you referring to?

A. Marketing Displays. Our engineering department was asked to develop the product so that it would be lighter and more compact.

Q. I'm sorry. Were you finished?

A. Yes.

Q. I didn't mean to interrupt you.

And what product followed this in the line of traffic control products?

A. The one that we are selling today basically. you probably have brochures.

MR. ARTZ: When we find a convenient place to take a break.

MS. MARSHALL: Do you mind if I just get this marked, then we can do it right after this?

MR. ARTZ: No.

(Deposition Exhibit Number 6 was Marked for Identification.)

Q. (By Ms. Marshall) Mr. Hillstrom, I'm going to show you a document that has been marked as Hillstrom Exhibit Number 6. Is that the type of

sign stand you developed after Hillstrom Number 5?

A. That's correct.

Q. And can you tell me in what year that sign stand was developed?

A. Again, we were doing in 1976 I believe it was developed.

Q. And again, would there be drawings in the engineering department that would show us that change?

A. Yes.

MS. MARSHALL: Is this a good time now, John?

MR. ARTZ: Yes.

(A recess was taken.)

(Back on the record.)

MS. MARSHALL: We're back on the record.

Q. (By Ms. Marshall) Before the break, we were talking about the change in design of traffic control sign stands from Hillstrom Exhibit Number 5 to the design depicted in Hillstrom Exhibit Number 6. Can you tell me the reason you changed from the design of Hillstrom Exhibit 5 to the one depicted in Hillstrom Exhibit 6?

A. So we could make them more compact and

lighter weight product.

Q. And how is that accomplished between Hillstrom 5 and Hillstron 6?

A. Obviously, the width, the springs' spread far apart on this original WindMaster base were taking up too much space. So by moving the springs close together and putting them on a compact base, we were able-- and with folding legs--we were able to reduce the area in which the sign would--the amount of space the sign would take.

Q. Effectively, you reduced the size of the base; is that correct?

A. That's correct.

Q. And would that reduce the amount of material that was required for the base as between Hillstrom 6 and Hillstrom 5?

A. That's correct. The material that was going across each of these legs and the material that was going from this point to the base on that side and this point to the base on the other side.

Q. Was Hillstrom 5 made out of aluminum or steel?

A. It was made out of steel. That was also an added weight.

Q. Was the steel painted?

A. Painted steel.

Q. What color was it painted?

A. Black.

Q. Was the whole sign stand black?

A. The whole sign stand was painted black.

Q. Now, is it generally fair to say manufacturing, if you reduce the amount of material that something requires to make, you reduce the cost of making that product?

A. Not always.

Q. When would that not be true?

A. Because one material is more expensive than another material. Aluminum is more expensive than steel, for example.

Q. Given that all other things are equal, if you reduce the size or the amount of material necessary, is it fair to say that--

A. That's true.

Q. I need to finish my question. With all other things being equal, if you reduce the amount of material, is it fair to say that you also reduce the cost of the item?

A. Yes.

Q. Now, you changed from the design of Hillstrom 5 to make it lighter. Had you received

comments from anyone in the field regarding the weight of the product?

A. Yes.

Q. Can you tell me about some of those?

A. They said it was too heavy and took up too much space.

Q. Do you know the frequency of those?

A. Well, they were frequent enough to make us change the design.

Q. And did you work with Mr. Sarkisian in changing the design from Hillstrom 5 to Hillstrom 6?

A. Somewhat. He played a supporting role.

Q. What other changes were made between the design of Hillstrom 5 and Hillstrom 6?

A. Well, in order to make the springs closer together, we had to change the upright to a single upright.

Q. Why is that?

A. So that the--well, because this had a wide upright. The original design was spread apart, so it was an upright shape like this.

Q. And that's that U or V shaped that's shown on Hillstrom 5?

A. Yes.

Q. And then in order to bring the springs closer together, you needed to use only a single upright, correct?

A. That's correct.

Q. What are some of the other changes between Hillstrom 5 and Hillstrom 6?

A. We changed the legs from steel to aluminum, and we changed the legs to four individual legs as opposed to two U-shaped legs, and we changed the brackets.

Q. So you changed quite a bit?

A. Yes, we did.

Q. Is a single upright a better design for a traffic control sign than say the U-shaped bracket or sign holder of Hillstrom 5?

A Not necessarily. It could be. They both worked.

Q. But for some reason the design of Hillstrom Exhibit 5 was not favored by the people in the field?

A. Primarily because of the weight and the space that it took.

Q. And part of the space was the springs. And that necessarily also meant you had to have a U-Shaped bracket that was farther apart at that

bottom?

A. That's correct.

Q. Do you know out of the designs on Hillstrom 5 and Hillstrom 6, which was lighter?

A. This design was lighter.

Q. And that's the one on Hillstrom 6?

A. Yes.

Q. As between the design depicted on Hillstrom 5 and the design depicted on Hillstrom 6, was there any significant difference in the cost of to manufacture?

A. Yes, it was lower cost to manufacture 6. But it wasn't a big amount.

Q. How was the design of Hillstrom 6 received by the people in the field?

A. Very favorably.

Q. Did you do any testing with the design of Hillstrom 6?

A. Yes, we did.

Q. And did you do that before you marketed the product?

A. Yes, we did.

Q What type of testing did you do?

A. We tested it with our customers. We made models that we gave to our customers to try out as

* * * * *

[Pages 48-106 omitted]

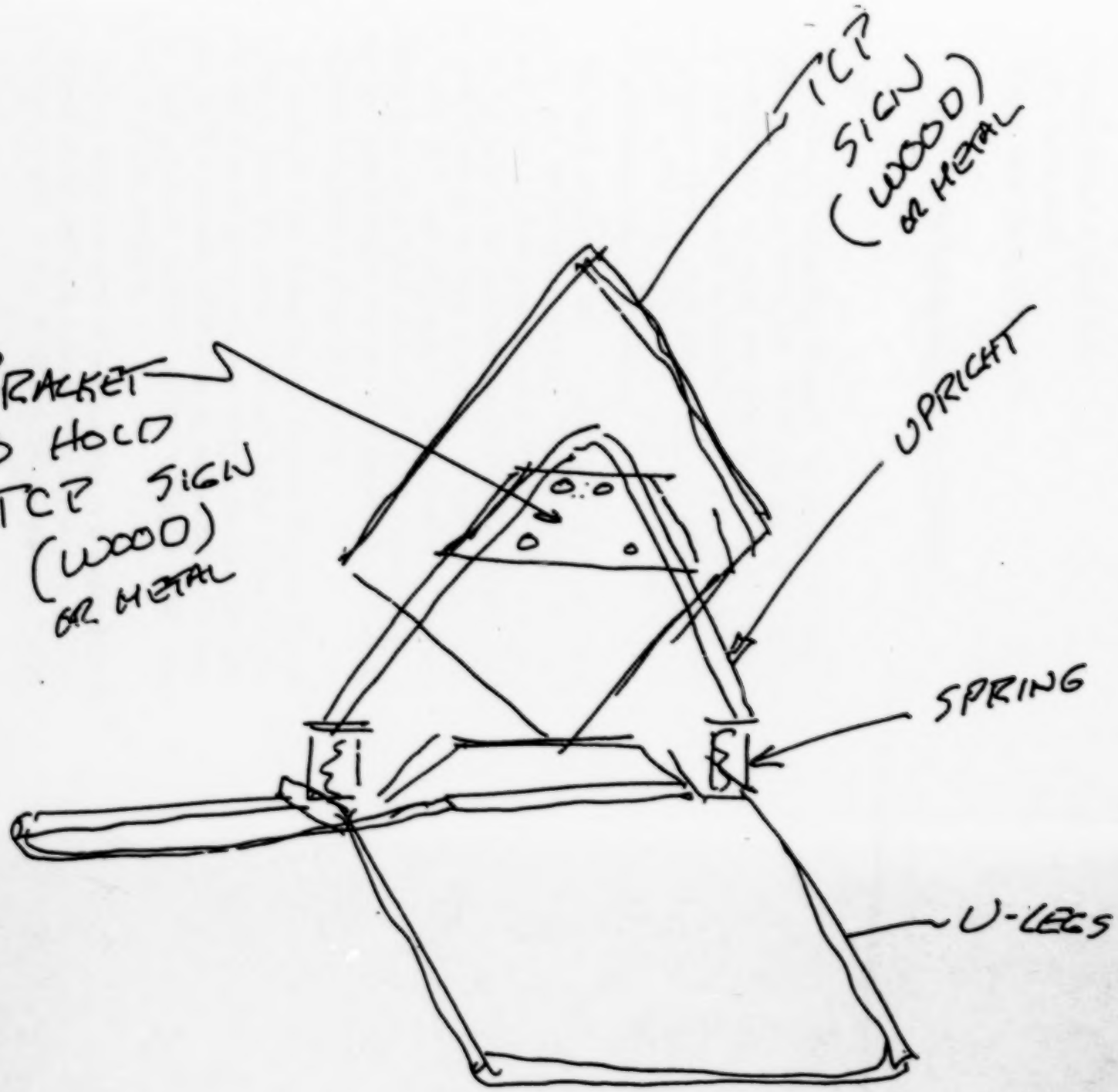
STATE OF MICHIGAN)
COUNTY OF MACOMB)

Certificate of Notary Public

I do hereby certify that the witness, whose attached testimony was taken in the above-entitled matter, was first duly sworn to tell the truth; the testimony contained herein was reduced to writing in the presence of the witness by means of stenography; afterwards transcribed; and is a true and complete transcript of the testimony given by the witness.

I further certify that I am not connected by blood or marriage with any of the parties, their attorneys or agents; and that I am not interested, directly or indirectly, in the matter of controversy.

/s/ Pamela D. Cameron
PAMELA D. CAMERON, CSR-5097,
Certified Shorthand Reporter
Notary Public, Macomb County, Michigan
My Commission Expires: July 19, 2000



Hillstrom
EXHIBIT NO. 5
9-23-96 F

BEST AVAILABLE COPY

June 29, 1995

Eastern Metal of Elmira, Inc.
1430 Sullivan St.
Elmira, New York 14901-1698

Re: **Marketing Displays International**

Dear Sirs:

We represent Marketing Displays, International ("MDI") of Farmington Hills, Michigan. MDI is a leading developer and manufacturer of signs and sign stands in the United States, and has secured a number of patents protecting its developments. Five of these patents are U.S. Nos. 4,548,379, 4,569,499, 4,572,473, 4,593,879, and 4,691,892 (copies of which are enclosed for your review).

We have analyzed one of your sign and sign stand systems and have also reviewed several other of your products as set forth in your General Catalog. Based on this review, we believe that at least Model Nos. CV-200, C-202 and C-902 infringe at least one claim in each of the '379, '499, '473, '879 and '892 patents. Specifically, we believe that these products infringe claim 1 of the '379 patent, claim 2 of the '473 patent, claim 5 of the '499 patent, claim 1 of the '879 patent and claim 1 of the '892 patent.

As a result, MDI demands that Eastern Metal of Elmira immediately cease and desist from any further manufacturer, use or sale of such sign stands and account for the past sales to date. In this regard, MDI recently successfully enforced these same patents against another company who was marketing similar products.

Further, from a review of your catalog, it is realized that the Eastern Metal sign stand products designated by at least Model Nos. C-402, C-702, X-500, X-550, X-600 and X-650

infringe the product configuration and trade dress rights that MDI has in its WindMaster sign stands. Due to MDI's long and exclusive advertising, promotion and sale of WindMaster portable sign stands with an upright connected to a pair of closely spaced upright coil springs positioned on a narrow base with angled legs extending therefrom, such products have secured a secondary meaning in the marketplace. These sign stands have become a source indicator for MDI in the marketplace and their trade dress constitute protectable intellectual property rights.

Since the C-402, C-702, X-500, X550, X-600 and X-650 sign stand products are copies of MDI's corresponding WindMaster sign stand products, we also demand that you cease and desist from any further manufacture, promotion or sale of such products.

We would like to receive a reply to this letter within twenty (20) days, that is by July 20, 1995.

Very truly yours,

/s/ John A. Artz

John A. Artz

JAA/dg
Enclosures

cc: Mr. Aram Najarian
Ms. Lisa Sarkisian

August 21, 1995

LETTER (w/o encls.) VIA FACSIMILE
Confirmation Copy (w/encls.) via First Class Mail

John A. Artz, Esquire
Brooks & Kushman, P.C.
1000 Town Center, 22nd Fl.
Southfield, MI 48075

RE: Marketing Displays International
Your File: MDI 0377 IVI
Our File: 4452-4

Dear Mr. Artz:

This is in response to your letters of June 29, 1995 and July 20, 1995 regarding Marketing Displays International's (MDI's) notice of patent, product configuration and trade dress infringement to Eastern Metal of Elmira, Inc. (hereafter "Eastern Metal"). The issues of patent infringement and product configuration/trade dress infringement are addressed under separate subheadings below.

MDI's Assertion of Patent Infringement

We have carefully reviewed Eastern Metal's sign stand model Nos. C-200, C-202 and C-902 in view of MDI's U.S. Patent Nos. 4,548,379 (claim 1); 4,569,499 (claim 5); 4,572,473 (claim 2); 4,593,879 (claim 1); and 4,691,892 (claim 1). After reviewing the patent claims and the file histories for these patents, we do not believe that the Eastern Metal C-200, C-202 and C-902 stands or any of Eastern Metal's sign stand systems utilizing these stands infringe the noted claims of any of the above patents. All of the above-referenced claims include specific means-plus function limitations regarding the attachment of the sign to the stand. As you know, these "means" are limited to the corresponding

structure described in the patent specifications, and equivalents thereof. That is, the MDI patents are limited to the specific channel structures for slidably receiving the vertical cross brace. None of the Eastern Metal stands or sign stand systems includes all of the elements in any of the above-identified claims, either literally or as an equivalent. As you know, Eastern Metal uses a screw operated clamp to secure the vertical cross brace to the sign stand.

Eastern Metal has been producing roll-up signs and stands of the type that are charged to be infringing since the late 1970's. Enclosed are copies of several Eastern Metal's price sheets which reflect the types of roll-up signs with fiberglass battens (cross-braces) which were available for use with various sign stands at least as early as 1979. Michael Knapp, who is currently President of Eastern Metal, was a salesman for Eastern Metal during this time period and has extensive notes in his daily logs starting at least as early as 1977 detailing various product developments and innovations as well as numerous sales calls regarding signs with fiberglass battens. These signs were used in conjunction with various sign stands which supported the signs by attachment to the horizontal or vertical battens at least one or more years prior to the effective filing date of any of the MDI patents.

Aside from the above information, also enclosed is a copy of Eastern Metal's U.S. Patent 4,309,836, which has a filing date of May 27, 1980. Sign stands according to this patent were available at that time for both metal and roll-up signs. This reference discloses signs having a vertical brace, with the bottom of the vertical brace being attached to a resilient strip of material to allow for wind deflection of the sign. Notably, this reference was not considered by the Examiner during the prosecution of any of the applications which resulted in the MDI patents.

Although we believe the enclosed evidence of invalidity is clear and convincing, we understand that MDI may want to view Mr. Knapp's notes and may want to hear Mr. Knapp's corroborating testimony. Michael Knapp has agreed to make

himself available for a deposition in Philadelphia, at MDI's expense, regarding his extensive notes and the products being offered by Eastern Metal in the 1970's and early 1980's, if you need additional information on this.

Eastern Metal strongly respects valid intellectual property rights of others. However, to the extent the asserted claims are contended to encompass the Eastern Metal enumerated products, such claims are invalid in view of Eastern Metal's clear and convincing evidence of prior development and sale of flexible roll-up signs. Eastern Metal will take whatever actions are necessary to defend its rights, and in view of the enclosed information, will request attorneys fees and Rule 11 sanctions if a suit is initiated without further discussing these issues with Mr. Knapp.

From a review of the file histories, MDI has litigated these patents with Dicke Tool. Please advise us of the outcome of this litigation, including whether Dicke Tool has taken a license.

<u>MDI's Assertion of Product Configuration/Trade Dress Infringement</u>

We have similarly reviewed MDI's assertion that several Eastern Metal sign stand products infringe its alleged trade dress rights in the WindMaster sign stand product configuration, namely portable sign stands containing the following elements: an upright connected to a pair of closely spaced upright coil springs positioned on a narrow base with angled legs extending therefrom. However, we find these assertions are also without merit.

Each product configuration element noted above is functional as applied to sign stand products, as is the combination of such elements, as all flexing portable sign stands contain (a) an upright connected to (b) one or more springs on (c) a base with (d) legs extending therefrom. Further, product specifications issued by various public agencies, authorities and departments of transportation for several states call for the use of a pair of closely spaced coil

springs connecting the upright to the sign stand base. Each of the elements comprising MDI's alleged trade dress clearly serve a necessary purpose and are therefore functional.

Additionally, each of these features are incorporated in portable sign stands which are manufactured and sold by third parties. These third parties have for many years used and continue to use these elements in their sign stand products. MDI's claim of "long and exclusive advertising, promotion and sale" of products incorporating these functional elements cannot be supported.

As stated above, Eastern Metal strongly respects the valid intellectual property rights of others. However, in light of the functionality of each asserted element, and in light of the third party use of these elements, we believe MDI's claim of trade dress rights is without support in fact or law.

Conclusion

We trust that the above addresses the concerns raised by your June 29, 1995 letter and concludes this matter. If you would like to arrange for Michael Knapp's deposition, please contact us and we will arrange for a convenient time and location.

Very truly yours,

PANITCH SCHWARZE
JACOBS & NADEL, P.C.

/s/ Martin G. Belisario/RSH
MARTIN G. BELISARIO

MGB:RJH:MLL:cat:lcd
Enclosures
cc: Eastern Metal of Elmira, Inc. (w/o encls.)

January 20, 1993

Ronald L. Panitch, Esq.
Panitch, Schwarze, Jacobs & Nadel
1601 Market Street
36th Floor
Philadelphia, PA 19103-2398

Re: Marketing Displays International
(Our File: MDI 0377 IVI)
Your File: 4452-4

Dear Mr. Panitch:

In response to your letter dated December 29, 1992, we will take you up on your offer to visit the Eastern Metal facilities and check on the inventory on hand of WINDMASTER products. Our sources indicate that Eastern metal has marketed sign stands under the WINDMASTER name which are not legitimate MDI products. MDI personnel have seen these products in the field, although it is uncertain whether they are being purchased offshore or being manufactured at Eastern Metal.

MDI also will consider your offer to have MDI purchase Eastern Metal's inventory of WINDMASTER products. Before committing to do so, however, we would like to know the number of units in Eastern Metal's inventory. Of course, MDI will only repurchase products that were originally acquired from MDI and are still contained in the original cartons so they can be resold.

As we stated earlier, Eastern Metal's infringement and improper use of MDI's trademark is a serious concern to MDI and the matter will have to be resolved promptly if legal action is to be avoided. In this regard, regardless of whether any of the products are repurchased, Eastern Metal will have

to agree to cease use of MDI's copyrighted material, cease use of the "WM" and "XWM" designations, and further cease use of the "412", "418", and "460" designations. There also is the matter of the existing catalogs which contain MDI's copyrighted materials. Either these materials will have to be destroyed or a reasonable payment made to MDI for use of the drawings.

We look forward to your immediate reply.

Very truly yours,

/s/ John A. Artz
John A. Artz

JAA/dg
cc: Marketing Displays Int'l

THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,
Plaintiff(s)

-vs-

TRAFFIX DEVICES, INC.,
Defendant(s)

Case No:
95-CV-40230

DEPONENT:	KENNETH L. HYDE
REPORTER:	Marlana Willick, CSR-3426
DATE:	Friday, February 14, 1997
TIME:	9:30 a.m.
LOCATION:	1000 Town Center Southfield, Michigan

[Pages 2-12 omitted]

someone back at the home office?

A. I'd say that's a possibility, yes.

Q. Do you know for certain why that was?

A. No.

Q. I got a little ahead of myself.

If you'll go back please and summarize your formal education beyond high school, I'd appreciate it.

A. High school is it.

Q. Did you take any sort of training courses or seminars since you graduated from high school?

A. Yes, but I'm not sure I can tell you what they were. It's been a long time ago.

Q. What about your--well when did you graduate from high school?

A. 1956.

Q. What has been your full time employment since 1956 when you graduated from high school?

MR. ARTZ: You asked him his work experience after high school until now, is that what you're asking?

MS. MARSHALL. Well what did I say?

That's what I meant, if that's not what I said.

MR. ARTZ: You said full time employment. It was a little ambiguous, that's all.

* * * * *

[Pages 14-42 omitted]

wasn't tested at the airport along with those other tests, but in terms of what you asked me, which was side twist, I can't address that.

MR. ARTZ: You want his opinion when it's favorable without any tests, but if you don't like his opinion then you try to downgrade it by saying there are no tests.

MS. MARSHALL: Counsel, I'm asking questions. If you don't like them, you have a chance to cross-examine him.

MR. ARTZ: It's a statement of fact, that's all it is.

MS. MARSHALL: Well your statement of fact is noted for what it's worth.

Q. Have you ever told a customer that the WindMaster product is superior to the competing products that the customer may be considering?

A. Well sure.

Q. What competing products have you told your customers that the WindMaster product is superior to?

A. Well in order to sell a product, as far as I'm concerned it is a superior product.

Q. What makes it a superior product?

A. Quality, ease of use, the ability to repair with replacement parts, and the readily available

replacement parts. The four year warranty on WindMaster.

Q. What about the performance.

A. Performance is comparable. They're very close.

Q. Are you aware of any customers being unhappy with any competing products?

A. Let me think about that. I think the only one that immediately comes to mind, is I have heard some complaints about the small Traffix sign stand. I'm talking about small, their non spring loaded.

Q. Anyone else?

A. That's all that I really -- there have been some complaints that -- no, I think generally speaking everybody's works pretty well.

Q. You don't recall any complaints about any other company's signs?

A. Nothing specific, no.

(Exhibit No. 1 was marked for identification.)

Q. Mr. Hyde, I'm going to show you a document that's been marked as Hyde Exhibit 1.

Is that your signature that appears on that document?

MS. MARSHALL: I have one for you also,

* * * * *

[Pages 45-70 omitted]

contacted anyone about selling MDI's product?

A. I do not know, I do not.

Q. Do you know whether Mr. Freeman sells the Windbuster product?

A. I do not. I don't think so.

Q. Are you aware of any other instances during your time with MDI that a customer has evidenced what you would consider confusion has evidenced what you would consider confusion as between MDI and Traffix and any of its products?

A. If you're looking for specifics, dates, names, and telephone numbers, no. But I can tell you in general that there is confusion relative to WindMasters and any other--and spring stands on the market. People generally are looking at WindMasters as a dual spring unit and they know us as that.

Q. What makes you think that there is confusion?

A. Well they tell us.

Q. What do they say? Who's they?

A. Well I just told you, I couldn't give you specifics. I don't write it down.

Q. How often does that occur?

A. Numbers of times.

Q. Once, twice, what numbers are we talking about?

A. Twenty or more.

Q. Since the time you've been with MDI?

A. Um-huh.

Q. And you can't think of a specific instance right now other than the one you recounted in your declaration; is that correct? You can't give me a name or time?

A. No, I can't.

Q. Or place?

A. No.

Q. Do they mention WindMaster versus Windbuster, do they seem to mix that up?

A. I'd have to say yes. But I can't give you specifics.

Q. How did MDI find out that you had received the message from Mr. Freeman?

A. How did they find out? Called them on the telephone.

Q. Who did you talk to?

A. Probably John Sarkisian.

Q. Do you recall what you said?

A. Same thing I said here.

Q. Do you recall Mr. Sarkisian's reaction?

A. Not specifically. Concern, I guess.

Q. Did he have you call the attorneys, or did you talk to him about it more than once?

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

vs

TRAFFIX DEVICES, INC.,

Defendant.

Case No.
95-CV-40230

DEPONENT:	PETER SCULLEY
DATE:	Thursday, February 12, 1997
TIME:	2:30 p.m.
LOCATION:	Brooks & Kushman
	1000 Town Center, Suite 2200
	Southfield, Michigan
REPORTER:	Rene L. Twedt, RPR/CSR-2907

[Pages omitted]

have.

Q. Would you summarize your formal education beyond high school?

A. I went to Drexel University and got a Bachelor of Science in marketing.

Q. Where is Drexel University?

A. In Philadelphia.

Q. And in what year did you receive your Bachelor's in marketing?

A. 1971.

Q. And do you have any other formal education besides Drexel University?

A. No.

Q. And since graduating from Drexel University in 1971, would you please summarize your full-time work experience, and would you include the years during which you were employed and the positions you held?

A. Okay.

MR. J.A. ARTZ: Would you like to refer?

THE WITNESS: Yes, I would like to jog my memory.

MR. J.A. ARTZ: I told him to write it down, since he was having a problem with dates,

* * * * *

[Pages omitted]

Q. Okay. And do you make phone calls to try and solicit business as part of your average week in working for MDI?

A. Sure.

Q. Do you know about how many phone calls you would make per week?

A. Wow, that all depends. Maybe twenty, something like that. See, it's not just soliciting business, it's keeping up relationships. It's not like every time I call someone I'm asking for an order.

Q. Okay.

A. But yeah, there is twenty or thirty phone calls maybe during the course of a week.

Q. Soliciting orders, and then are there--strike that.

Are there twenty to thirty phone calls a week soliciting orders, or is that just generally the number you make including following up with present customers?

A. That's everything.

Q. About how many sales calls do you make on a monthly basis?

A. That depends. I'd say probably about twenty.

* * * * *

[Pages 18-43 omitted]

or whatever. I do remember that.

Q. And then he also thought the WindMaster was the same as Windbuster; correct?

A. Yes.

MS. MARSHALL: Why don't we take a short break, okay.

(Brief recess.)

BY MS. MARSHALL:

Q. Mr. Sculley, have there been any other instances where you felt that a customer was somehow sort of confused between MDI and TrafFix or the products that are manufactured by either company?

A. That's the only one that I can specifically recall. There may have been some other things in the past, but as I say, TrafFix, I don't think, sells a lot of sign stands in my general area.

Eastern Metals is a bigger player. Dickey would be a much bigger player in my territory as a competitor than TrafFix for sign stands.

Q. So that the incident with Mr. Lund is only one that you can recall right now?

A. Right.

MS. MARSHALL: Why don't we go on the confidential record.

(Confidential Record commenced.)

* * * * *

State of Michigan)

County of Oakland)

Certificate of Notary Public

I do hereby certify the witness, whose attached testimony was taken in the above matter, was first duly sworn to tell the truth; the testimony contained herein was reduced to writing in the presence of the witness by means of stenography; afterwards transcribed; and is a true and complete transcript of the testimony given.

I further certify that I am not connected by blood or marriage with any of the parties; their attorneys or agents; and that I am not interested, directly or indirectly, in the matter of controversy.

In witness whereof, I have hereunto set my hand this day at Troy, Michigan, County of Oakland, State of Michigan.

/s/ Rene L. Twedt

Rene L. Twedt, RPR/CSR-2907

Registered Professional Reporter

Certified Shorthand Reporter

Notary Public, Oakland County, Michigan

My Commission Expires: July 2, 1998

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

v.

TRAFFIX DEVICES

Defendant.

Civil Action No. 95-CV-402330

Hon. Paul V. Gadola

SUPPLEMENTAL EXPERT REPORT OF KENNETH B. GERMAIN

I, Kenneth B. Germain, declare and state as follows:

1. I am the same person who signed and submitted an "Expert Report of Kenneth B. Germain" on November 12, 1996. Whereas that Expert Report was devoted to issues of trademark infringement per se, this Supplemental Expert Report is devoted to issues of trade dress infringement. My credentials in the trademark/unfair competition law area are summarized in ¶¶ 1-3 of the Expert Report, and my modus operandus in expert retainer situations is summarized in ¶¶ 4-5 thereof.

Paragraphs 2-6 of this Supplemental Expert Report provide "background" specific to the protectability of product configuration trade dress. The remainder of this Supplemental Expert Report addresses the specific arising in this case.

Exhibit 4 attached hereto lists materials now relied up in addition to those listed in Exhibit 3 to my Expert Report.

2. The title of the book which I used for years in my law school course (long known as "Unfair Trade Practices," and later restyled "Introduction to Intellectual Property") is indicative of the nature of the subject at hand. This title, *Legal Regulation of the Competitive Process,* focuses attention on the centrality of competition in our economic system. In this system, competition is "the rule," whereas insulation from competition is the "exception." Anti-trust law, as reflected in such statutes as the Sherman and Clayton Acts, is one major corpus juris that furthers this approach. The law of "unfair competition" (sometimes referred to as "unfair trade practices"), which includes trademarks and "trade dress," is another relevant corpus juris. It is expected that the competitive arena will be quite rough and tumble; it is anticipated that leaders in a particular field will be targeted by aspiring competitors, and that similar approaches to product designs and sales techniques will, at a minimum, be considered by the newer entrants to an arena. In short, usually the first step in "building a better mouse trap" is assessment of the designs of the best of the mouse traps available in the market, combined with consideration of how to make these designs even better.

3. Consistent with the content of the previous paragraph, courts, often acting without legislative guidance, have realized and relied upon the well-understood basis that "the rule" is free and open competition--including considerable imitation--and that "exceptions" to this rule are to be recognized only in certain carefully circumscribed situations, some of which are legislatively defined and some of which are judicially defined. The patent and copyright systems, for some time now entirely prescribed by federal

statutes, are examples of legislatively mandated "exceptions" to "the rule" of free and open competition; accordingly, the courts which construe these statutes typically view them with scrutiny so that these "exceptions," which involve partial monopolies for limited lengths of time, do not become dangerously overexpansive. Trademark law can be viewed as another "exception," but it is basically judicial in origin, and the federal statutory scheme (notably the Federal Trademark Act of 1946 - better known as the Lanham Act - 15 U.S.C. § 1051 et seq.) in large part does not have the same monopolistic dangers as the other systems. This is because there is a virtual infinity of "words, names, symbols" available to indicate the sources of products.

4. It is also noteworthy that the off-used term "unfair competition" has a powerful internal inconsistency. That is, whereas in our system the term "competition" is viewed in a very positive way - being good for the consuming public, which benefits from the vigor of the various competitors' efforts to best each other - the term "unfair" has a very negative nature which indicates that there are limits on the extent to which competition will be permitted. To some significant extent, the term "unfair" is defined by time-specific factors; particularization for geographical areas and/or industrial fields sometimes also is necessary.

5. The interplay between federal regulation of the competitive system, as exemplified by the patent and copyright statutory schemes, on the one hand, and state regulation of competition, on the other hand, has been in the forefront for at least 30 years now. In 1964, the United States Supreme Court's classic companion cases of *Sears* and *Compco* set the stage for close and constant concern about state intrusion into the federal domain, with the Supreme Court seeking to assure vigorous competition involving "inventions" and "writings" that were <u>not</u> federally protected. Such judge-made concepts as the trademark law/unfair competition doctrine known as "functionality" have close connection to this federal pre-emption matter.

6. There also is a continuum running from the most traditional of "trademarks," such as words, names, and visual symbols, to an intermediate category comprised of traditional "trade dress," such as the designs and layouts of packages for products, and then extending to "product configuration," such as the shape, coloration and overall appearance of the actual features of products per se. (In very modern times, this continuum has been complicated by the addition of "service dress," such as the decor of restaurants.) It is crucial to note that as one moves along this continuum, the importance of competition increases significantly; thus, protection of the first comer's labels and packages is somewhat less easily conferred than protection of ordinary words/names/symbols, and protection of the configuration of a party's goods is very less willingly conferred. There even are situations in which "de facto" distinctiveness, usually resulting from being the first firm to enter a field with a particular "dress," will *not* be found to be "de jure" cognizable, either because of the importance of "the rule" of free and open competition, or because of the primacy of the federal system and its inherent limits on the systems of the states.

7. As I understand it, Plaintiff in this case is claiming that Defendant's portable sign stands (which are sold under the trademark WINDBUSTER) violate Plaintiff's rights by infringing the "trade dress" comprised of a certain combination of specified design features of Plaintiff's portable sign stands (which are sold under the trademark WINDMASTER).

8. The trade dress matter requires consideration of some complicated legal issues:

(a) Whether Plaintiff's "trade dress" actually serves a trade identity function, i.e., identifies and distinguishes Plaintiff's goods as Plaintiff's and <u>not</u> as those of/from other suppliers of similar goods.

(b) Whether Plaintiff's "trade dress" is sufficiently "distinctive," either inherently or through acquisition of "secondary meaning," to warrant a finding of validity.

(c) Whether Plaintiff can demonstrate that its "trade dress" is primarily "nonfunctional."

(d) Whether Defendant's "trade dress" in its entirety - including its trademark per se[1] - is likely to be confused with Plaintiff's "trade dress" in its entirety - including its trademark per se.[2]

(e) Whether the protection sought for Plaintiff's "trade dress" is inconsistent with - and precluded by - preemption principles that require that the features of such "trade dress" be protectable, if at all, by patent law.

9. It seems that the "answers" to the issues posed in ¶ 8 are as follows:

(a) Plaintiff's "trade dress" fails to serve as an element of trade identity: rather, it serves merely as a convenient combination of predominantly utilitarian features of a portable sign stand.

(b) Plaintiff's "trade dress" does not appear to be inherently "distinctive" of its goods; furthermore, "secondary meaning" has not been established.

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[1] The appearance of the parties' trade *names*, i.e., their company names ("Marketing Displays, Inc."; "TrafFix Devices, Inc."), on their respective products also is of relevance.

[2] Priority of use, a required factor, seems to be established by Plaintiff, based upon apparently uncontested evidence.

(c) Plaintiff's "trade dress" is comprised of features most of which, taken individually, are or may be primarily "functional," and which, taken in combination, fail to qualify as "primarily nonfunctional."

(d) Defendant's "trade dress," - viewed along with its trademark per se - is not sufficiently similar to plaintiff's trade dress - viewed along with its trademark per se - so as to be likely to cause confusion.

(e) Plaintiff's "trade dress," relying heavily as it does on features encompassed in Plaintiff's (expired) patents, rightfully belongs to the public, including competitors such as Defendant; as such, "trade dress" protection must yield to patent law preemption.

It is Plaintiff's burden to establish elements (a), (b), (c), *and* (d); in other words, Plaintiff does *not* have an actionable case unless it can establish *all* of these elements. However, I believe that Plaintiff has not established *any* of them. Moreover, I believe that Plaintiff's trade dress claim should be barred by element (e). Thus, it is *my opinion* that Plaintiff cannot maintain a cause of action for "trade dress infringement" against Defendant in this case.

10. Regarding issue (a): Since "trademarks" and closely related aspects of "trade identity" (such as "trade dress") must serve to identify and distinguish the user's goods/services, there is an initial issue of whether a particular claimed feature or combination of features really serves this purpose. Contrary to some suggestions, the only choices are not "descriptive" and "distinctive." Design features may not be "descriptive," but yet they may not be "distinctive," because they are commonplace and thus not likely to be viewed as serving a differentiating function. This is undoubtedly true in relation to basic geometric shapes, such as circles and cylinders.

In the current factual situation, there does not appear to be evidence of a trade identity effect of Plaintiff's design features: the ordinary overall "look" of Plaintiff's portable sign stands appears merely to be the nature of the creature, namely, a relatively light-weight, flexible sign stand that is designed to avoid being blown over or pushed aside.[3] The loose, overbroad language and philosophy espoused by the United States Supreme Court in its 1992 Two Pesos decision has *not* been accepted without reservation by the lower courts -particularly most of the United States Courts of Appeals that have had the opportunity to comment on it - and it must be taken with a "grain of salt." In any event, the application of the referenced overbroad language/philosophy in Two Pesos would not change my opinion in this case.

11. Much of what was said in ¶ 10 also has application to issue (b), "distinctiveness." Specifically, for distinctiveness to be deemed "inherent," it should be unusual, eye-opening, immediately suggestive of source-indicativeness. It is *not* appropriately considered "inherent" where, as here, a number of ordinary features are combined in an overall ordinary way, for the apparent purpose of accomplishing a particular functional "task."

12. Issue (c), "nonfunctionality," is anything but a clear, simple concept. The burden of proof lies with the plaintiff to show that its claimed "trade dress"- overall, not merely its divisible components - is "non-functional." At bottom, the crucial question is whether the plaintiff's particular combination of features serves primarily an identifying purpose ("trade identity") rather than a/the purpose of being

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[3] A relevant factor is the apparent absence of prominent advertising or trade literature that effectively informs the relevant "consumer" of the allegedly intended linkage between Plaintiff's product design and Plaintiff per se. Indeed, Plaintiff's failure to identify/claim any aspect of "trade dress" in its advertising/trade literature-which, in fact, expressly identified its patents, copyrights, and trademarks - undermines its later-raised "trade dress" claims.

easier or cheaper to make, operate, or maintain, or being mechanically superior, such that limiting its use (by excluding all but the plaintiff) would not unduly hinder competition. In more direct terms: if the plaintiff's overall design is one of a relatively small number of effective ways to configure a portable sign stand, etc., then *unless protected by patent*, this design must be left open and available to competitors. These competitors should not have to use lesser designs: this would be improperly anti-competitive.

As I understand it, Plaintiff has claimed as its trade dress the structural features of its portable sign stand, namely the closely-spaced, vertically-oriented dual springs mounted on a short horizontal base, itself connected to four skewed legs. Clearly, these features are functional in a utilitarian sense. A dual-spring design is unquestionably superior, particularly for use with rigid highway construction signs, since such a design provides maximum stability by minimizing twisting of the sign around its vertical axis under the force of high winds. In fact, Plaintiff argued these points in the "prosecution" of its patent application, to support patentability of its design. In addition, to produce a sign stand which folds up into a compact, easily portable configuration, the springs must be closely-spaced. This, in turn, means that the legs forming the base must be skewed, so as to provide maximum stability against toppling over. Four legs, of course, most efficiently provide the maximum base support and stability.

13. Plaintiff has not shown that there are alternative designs available which are as cost effective to produce, while maintaining the same quality and acceptability in the marketplace. Sign stands with heavy (e.g., cast iron) bases may resist toppling, but they are not compact or easy to transport. Sign stands having a single spring do not provide nearly the wind resistance benefits as do dual-spring designs, particularly for application to rigid road construction signs.

Hence, most of the features of Plaintiff's overall design are "functional," and the combination of these features has been effected in an ordinary manner that is *not* "primarily

nonfunctional." In other words, the whole does *not* appear to be greater than the sum of its parts. Further, no alternative designs are available which are as cost effective to product while maintaining the same quality and acceptability to consumers in the marketplace.

14. Preliminary to discussing issue (d), "likelihood of confusion," it must be kept in mind that the "items" to be considered nor are the "trade dress" of Plaintiff's portable sign stand and the "trade dress" of Defendant's sign stand - as both of these are perceived in the "market" by ordinary purchasers and users. Thus, the various features focused upon individually for certain analytic purposes must be put in context, including such non-"trade dress" items as trademarks per se, particularly as displayed in the parties' respective logostyles. As with issues (a) - (c), the burden of proof lies with the Plaintiff.

15. Every jurisdiction (in the federal judicial system, every "Circuit") has its own customized list of likelihood of confusion "factors." However, the gist of these lists is the same all over: certain "market" factors, plus the defendant's intent and possible proof of actual confusion, fill out the list. While the entire list of factors always is potentially worthy of analysis, sometimes certain factors are inapplicable, and sometimes certain factors are so powerful and so important as to preclude consideration of certain other factors.

16. "Strength" of the plaintiff's "trade dress" is a good place to start. From the plaintiff's perspective, the stronger the better, since wider and deeper protection are more likely to follow. In the current case, as suggested earlier in this Supplemental Expert Report, Plaintiff's purported "trade dress," *in my opinion*, is very weak and apparently has not been featured in a fashion calculated and likely to make it known as a trade identifier. This factor strongly favors Defendant.

17. Similarity of the parties' "trade dress" is probably the single most important factor - for obvious reasons. If this

fails, all fails. Here the similarities (substantial similarity of overall design and specific components, - attributable, however, largely to such totally functional aspects as the nature and location of the springs, base, and legs of the parties' sign stands) are considerable, but they are tempered by the dissimilarities of the words (except for the descriptive item "wind"), brackets, and colors comprising the parties' respective trademarks, trade names, and products per se. Overall, this factor favors Plaintiff - but only weakly.

18. Similarity of the parties' products is another crucial factor. Where, as here, the parties' products are functionally similar to each other (aluminum portable sign stands v. steel portable sign stands), but differ in composition, color, weight, and cost - resulting from the differing natures and qualities of aluminum and steel - the products must be viewed as closely related, albeit differentiable - especially by experienced, knowledgeable bulk buyers. Overall, this factor favors Plaintiff - but not fully.

19. Similarity of the trade channels in which the parties' products flow to buyers and users is another significant factor. Where, as here, there is identity - not merely "similarity" - of trade channels, this factor fully favors Plaintiff.

20. Another "market" factor is the care likely to be exercised by members of the public in viewing and dealing with the parties' respective products in the market place. Generally, high-priced goods - including goods that are purchased in bulk, so that their composite cost is high - beget considerable care in the buying process. Also, the sophistication of the normal purchasers of the subject products is relevant. Where, as here, such purchasers appear to be sophisticated professionals buying for commercial/industrial purposes - and relying in large part on the parties' completely different corporate *names* ("Marketing Displays, Inc." v. "TrafFix Devices, Inc.") - their tendency to be confused as to the source of the goods they are procuring is very low. Thus, this factor strongly favors Defendant.

21. The intent of the defendant in adopting its "trade dress" can be quite relevant. Although an entirely innocent or even ignorant state of mind (vis-a-vis plaintiff's pre-existing "trade dress") does not exonerate a junior party from liability if the market factors persuasively point to "likelihood of confusion," a bad faith state of mind can raise powerful inferences of distinctiveness (e.g., of plaintiff's "trade dress") and of confusability. However, it is clear that similarities per se do not prove "bad faith," and indeed not even "copying" per se proves "bad faith." It must be remembered that free competition is "the rule."

In the current case, the "facts" indicate that Defendant designed its sign stand with full knowledge of and to some degree in approximation of Plaintiff's design. However, Defendant reasonably may have believed that it was permissible to copy some of Plaintiff's features - particularly the most "functional" ones, which tended to be disclosed in Plaintiff's (expired) utility patents. (See ¶ 24, infra, in this Supplemental Expert Report.) Consequently, such copying does *not* evidence "bad faith," and is *not* significant in the current likelihood of confusion analysis. Thus, this factor does not favor Plaintiff.

22. Palpable proof of actual confusion - of goods, source, or sponsorship - can be powerful evidence of "likelihood of confusion." To the contrary, under certain circumstances, the *absence* of palpable - quantitatively and qualitatively - evidence of actual confusion, can strongly suggest non-confusability. Where, as here, Defendant sold a substantial number of its sign stands in the same geographic and product markets as Plaintiff sold its sign stands - sometimes competing head-to-head - over a period exceeding two years, and where, as here, there is utterly *no* evidence of "actual confusion" stemming from "trade dress" matters - this factor strongly favors Defendant.

23. In *my opinion*, the overall effect of the relevant market factors - indicated in ¶¶ 17-19 as in varying degrees pro-Plaintiff, but in ¶¶ 16, 20 and 22 as strongly pro-

Defendant - along with the lack of proof of the intent factor (see ¶ 21), make it clear that the Plaintiff has *not* carried its burdens in establishing "likelihood of confusion."

24. With reference to issue (e), the preemptive effect of the patent laws on trade dress protection for features that are, were, or could have been covered by patents, it seems completely clear that Plaintiff is estopped from denying the functionality of its sign stand "trade dress" design. The salient features of such "trade dress" - notably the closely spaced vertical springs mounted on a short horizontal base itself connected to four skewed legs - all are covered (either directly or indirectly) by the Plaintiff's expired utility patents (U.S. Patent No. 3,646,696 and U.S. Patent 3,662,482). Although these patents disclose and describe a sign stand with widely-spaced springs and widely-spaced parallel legs, such a design has been construed to be the functional equivalent to a similar device with dual closely dual spaced springs and skewed legs in Sarkisian v. Winn-Proof Corp., 203 U.S.P.Q. 60, 67 (D. Ore. 1978), aff'd, 213 U.S.P.Q. 912, 926 (9th Cir. 1981).

In Sarkisian, the court found a closely spaced dual spring and skewed leg design to fall within the scope of, and therefore to infringe, Independent Claim 3, and Dependant Claims 4 and 5 (of the total of 5 claims) in the '696 patent, and Independent Claims 1 and 2 (of the total of 3 claims) in the '482 patent, under the Doctrine of Equivalents. Thus, the closely-spaced dual spring and skewed leg design now claimed as Plaintiff's trade dress has been found to be the functional equivalent of the preferred embodiment disclosed and prominently claimed in these expired patents.

25. Under current concepts already well-established in Circuits other than the Sixth Circuit - notably the Second, Seventh, and Tenth Circuits - it is quite clear that Plaintiff's trade dress claims herein would be barred by its expired patent claims. This is how it should be, and I would expect the Sixth Circuit to follow suit. Thus, *in my opinion*, regardless of whether Plaintiff were to be viewed as establishing a

substantive claim for "trade dress Infringement," such substantive claim would be lost due to patent preemption.

/s/ Kenneth B. Gemain - 12/9/96
Kenneth B. Germain

Report on

MARKETING DISPLAY, INC.

versus

TRAFFIX DEVICES, INC.

submitted to

Reising, Ethington, Barnard & Perry, L.L.P.

by

Russell M. Lewis, Ph.D., P.E.
Consulting Engineer
8313 Epinard Court
Annandale, VA 22003

December 13, 1996

INTRODUCTION

Background

Traffic control devices may be classified as either permanent or temporary devices. Traditionally, temporary applications were considered to be construction and maintenance operations. More recently, however, this classification has been expanded to also encompass utility operations, incident management, emergencies, disasters, and special events.

The purpose of traffic signs is to advise road users as to the proper and orderly use of highways and streets and their adjunct facilities. Information is provided in the form or a legend and/or symbols. Signs fall into three basic categories -- regulatory, warning and guide signs. The conspicuity of signs are in good part determined by the design of the sign face -- its shape, color, and background contrast. At night, key attributes are illumination or retroreflectivity. In addition to elements of the sign face itself, the target value of signs can be enhanced by supplemental devices attached to the sign or sign support systems. Such devices are flags (for daytime use) and flashing lights. Type B lights are effective both day and night, whereas Type A lights are visible only at night.

Safety and Placement

Signs must be place where they can readily be seen and read. Signs must be placed along the roadway at locations that promotes visibility and provide a sufficient opportunity for an appropriate response. Laterally, it is desired that signs be placed close to the travel path in order that they are close to the axis of driver' vision, yet far enough way from the traveled way that they are displaced. A sign that is significantly displaced or knocked down will no longer serve its function. Moreover, a sign that is hit may pose a hazard to the errant vehicle and to other vehicles and bystanders in the vicinity.

Workers depend upon motorists receiving vital information by the means of signs placed upstream of their location. As signs on portable supports are frequently deployed and retrieved, workers are well aware as to how well a sign support system functions in the field. Unlike many items purchased by managers, immediate feedback is available for sign supports that fail to perform adequately.

PROPERTIES OF SIGNS

Two types of sign backings are utilized - rigid and flexible. Rigid signs are far more common, and they are the ones widely used by highway agencies and contractors. All signs that are to be visible at night shall be illuminated or retroreflective. There are few flexible signs that meet retroreflective requirements, thus limiting the use of flexible signs. Some highway agencies prohibit their use, and other agencies simply do not acquire them due to their limitations. The primary use of flexible signs is for crews performing short-term (one daytime work period or less) activities on minor roads.

Sign Placement

Signs used at construction sites are typically required to be installed following the same standards that are applicable to permanent signs. In rural area, they are usually placed at least six to twelve feet from the traveled way and six feet off a paved shoulder. In urban areas they are placed such that the near edge of the sign face is at least two feet behind the curb. Sometimes they may be placed in protected area, such as behind a barrier or affixed to a bridge rail.

Portable signs supports are used primarily for short-term and short-duration work (one hour or less) work activities. Their portable nature and light weight allow these devices to be easily and rapidly and deployed, relocated and retrieved. These characteristics make them ideally suited for maintenance and utility operations on highway and streets. For such applications, signs are typically installed and removed each day, and sometimes they are placed in several

different locations during a single work day. Portable signs are commonly mounted on shoulders, in front of guardrails and in closed lanes.

Sign Size

Sign sizes are specified in *Standard Highway Signs* published by the Federal Highway Administration. This book is incorporated by reference as part of the Federal *Manual on Uniform Traffic Control Devices* (MUTCD). Warning signs having a size of 48 inches are generally required for use on freeway and expressways. Some work zone signs have a minimum size of 36 inches or less. Many agencies, however, specific 48-inch signs for a wide variety of highway types. It is now recognized that a significant portion of drivers (e.g. older drivers) have difficulty reading existing signs. As a result there is a trend towards larger letter sizes and thus larger signs. Sizes of 60 inches are being used in some instances for critical signs on high-speed roadways. The wind-resistant sign supports which are the subject of this litigation, are used primarily for mounting 48-inch rigid signs.

Color

Since national standards for traffic control devices first evolved, yellow has been the color that denoted warning. Some 25 years ago, it was recognized that a distinction should be made between signs warning of temporary conditions and those dealing with permanent situations. The 1971 MUTCD established a separate signs series having an orange background for use with construction and maintenance (C&M) activities. The orange color advised motorists of the following additional hazards that may exits in highway work zones.

- Conditions may be changed from those that previously existed before work commenced.
- The conditions, and therefore the sign messages and placement, may be continually changing as the work progresses.

- There may be additional and unusual hazards, such as closed portions of the roadway, channelizing devices along narrowed travel lanes, adjacent excavations, missing pavement, etc.
- There may be slow moving or stationary equipment operating in or adjacent to the traveled way.
- There may be workers in locations exposed to the hazards of traffic.

Although orange was first specified only as a background color for signs, it was later specified for several temporary traffic control devices. Barricades, vertical panels and drums shall have retroreflective orange stripes. The predominate color of cones, tubes and drums shall be orange. Many construction equipment manufacturers paint their machines orange, and many agencies specify orange for equipment that they purchase. In fact, the color has come to be known as "construction orange."

PROPERTIES OF SIGN SUPPORT SYSTEMS

Given the close proximity of portable sign systems to the traveled way, the dynamic performance of these devices is of critical importance.

Stability

An essential property of a sign support system is stability --the ability to remain in place under field conditions. Stability is commonly achieved by affixing supports to the ground, by making the support system itself heavy, or augmenting its weight with ballast. These methods, however, preclude or at least diminish portability. In response to the need for an effective, light-weight, portable sign support, the traffic control industry developed a class of devices herein called "wind-resistant."

Other than actual impacts, the main culprits to stability are wind and the slip stream crated by the close passage of a large, boxy vehicle. The distinguishing characteristic of this

class of portable sign supports is the mechanism by which the sign face tips to "dump" a wind gust. Because the lateral force of such a gust is effectively dissipated, the need for weight and supplementary ballast is virtually eliminated.

When deployed, the legs of wind-resistant portable signs supports extend widely from the center support and lay close to the ground. This configuration is dictated by the mounting height for the sign and the need for stability. Portable signs are frequently installed close to traffic lanes and near or even encroaching upon walkways and sidewalks. Therefore, it is desirable that the legs be colored such that they are readily seen. Orange is the obvious choice, both due to its brightness and its long-standing warning and work area connotation.

Ballast

The use of ballast on sign supports creates several problems. First of all, ballast by definition is added weight. When a ballasted system is hit by an errant vehicle, the impact force is increased due to the greater mass of the assembly. Furthermore, the ballast may become a projectile that poses a hazard for nearby vehicles or bystanders. Ballast in the form of hard objects, such as rocks, concrete blocks, timbers, etc., has long been prohibited. Such objects can cause vehicles to take dangerous evasive action or, if hit, can cause loss of control.

Although water is occasionally used, the primary acceptable ballast is sand placed in a bag set on lower portions of the device or in a hollow chamber within the device. The advantage of such sand containers is that they crush when driven over and the sand is distributed over the roadway. Although such sand deposits will not create the problems previously defined for hard objects, they create a different hazard. Sand on a pavement can significantly reduce the coefficient of friction and, thereby, greatly diminish handling and braking stopping performance.

Wind-Resistant Mechanism

The wind-resistant mechanism first developed Marketing Displays, Inc. (MDI) consisted of a hinge placed in the mast above the legs and below the sign. The hinge consisted of two springs mounded side-by-side that allowed the mast to tip while supplying a restoring force to return the mast to vertical. The dual-spring configuration provides for flexing primarily in a vertical plane perpendicular to the sign face in response to a wind load imposed on the sign. It also resists any twisting of the mast and thus the twisting of the sign face around the vertical axis. Such twisting is to be avoided, as it is essential that the sign continuously face traffic. Repeated twisting may also result in walking and rotating the sign base.

Specifications developed by some state highway departments for wind-resistant sign supports specifically require two steel springs and in some instances they require that springs be mounted vertically. Highway agencies have recognized the good performance obtained by the WindMaster and SteelMaster devices marketed by MDI and have patterned their specifications in such a manner that other suppliers must utilize similar design features. Therefore, it is not the intent of other suppliers to mimic the appearance of MDI's devices, but rather to achieve requisite performance characteristics. It is understood that TrafFix Devices adopted the dual-spring design subsequent to the expiration of MDI's patent on this mechanism. This was a proper and appropriate means of meeting requirements imposed by major purchasers of these devices.

Sign Height

Two criteria are used for sign height. Permanent signs are mounted high on posts so that they are visible under widely variable conditions, such as the presence of weeds in the late summer or snow banks in the winter. For construction projects, that are inherently long term (more than three days), the typical requirement is that signs be mounted in the same manner. Prior to 1993, the mounting height for post-mounted

signs was a minimum of five feet above the pavement elevation to the bottom of the sign. In the 1993 edition of Part VI of the MUTCD, this dimension was changed to a minimum of seven feet. For signs mounted on temporary supports, the minimum mounting height has been and continues to be one foot above the traveled way. This lower height for portable sign supports recognizes the practical limitation with regard to weight, stability, and portability. However, because the ground generally slopes down away from the traveled way, portable signs must often be placed close to traffic to meet this minimum height requirement.

CHARACTERISTICS OF THE MARKET

Temporary Traffic Control Industry

The temporary traffic control industry has matured tremendously during the past two decades. It has evolved from a few small companies that rented signs and barricades to many large, full-service companies that furnish a wide variety of traffic control devices, products and services. This expansion has occurred concurrent with and in part due to the growth the American Traffic Safety Services Association (ATTSA) since its inception in 1970. A significant and rather unique characteristic of ATSSA is that it has come to encompass the manufacturers of materials and devices and their suppliers as well as the users of these devices -- traffic services companies, contractors, and highway agencies. This close association has created an environment where the users are very familiar with the products being offered.

The vast majority of temporary traffic control device, including portable sign supports, are purchased by knowledgeable and sophisticated companies and agencies. Most state highway departments have a formal submission, testing and review process that devices must pass before they can be used on their facilities. Local agencies in turn may rely upon lists of products approved by their state. Private industry places a high priority on cost effectiveness. Whereas devices used in construction may be written off against a specific

construction contract, devices used for maintenance-type activities and for rental are continually reused. Therefore, first cost, durability and effectiveness all come to play in evaluating which products to purchase. The buyers of such equipment or not likely to be mislead by the appearance of a device. They base their decisions on performance characteristics established through testing and experience.

SUMMARY AND CONCLUSIONS

The findings and opinions expressed in this reports are based upon the writer's education and training, his 43 years of professional experience in the highway industry, and his intimate knowledge of the subject of traffic control in highway work zones.

- The similarities between TrafFix Devices' WindBuster and the devices supplied by MDI, in particular the dual-spring feature, are based upon functional and other requirements imposed by major purchasers of these devices.
- The color orange is not unique to MDI's device. This color is mandated for many traffic control device components and is commonly used to denote work zones.
- The major purchasers of wind-resistant portable sign supports are sophisticated and knowledgeable agencies that are well acquainted with distinctions between the various devices available in the marketplace. There is little to no likelihood that similarities in names cause any confusion. To the contrary, the inclusion of the term "wind" within the name assists in identifying a device as being one of the several wind-resistant systems offered by various manufacturers.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff,

-vs-

TRAFFIX DEVICES, INC.,

Defendant.

Case No:
95-CV-40230

DEPONENT:	RONALD HARLOW LUNT (VIA TELEPHONE)
DATE:	March 5, 1997
TIME:	10:05 a.m.
LOCATION:	201 West Big Beaver Road, Suite 400 Troy, Michigan
REPORTER	Sandra Marchky, RMR, CSR 4803

Q. Did they contact you after that time?

A. They contacted me to talk about a second declaration.

Q. What exactly did they say to you during that conversation?

A. To the best of my recollection, he was talking about the fact -- because he had talked originally about coming out here and I believe someone from your office also to take my deposition in person. He informed me that they would not be doing that. I guess the court had ruled on the original suit and that now they were pursuing -- I believe it was something to do with style, they were still having -- MDI was still having some problems with the style of the pamphlets. That's to the best of my recollection.

Q. What specifically did they say about the second declaration that you would be preparing?

A. I don't recall specifically. It was something about they were continuing -- the first one, correct me if I'm wrong, was to do with name infringement, I think is what the first one was dealing with. The second one I believe was with the style.

Q. Did they say anything specific that was to

be included in the declaration?

A. No, not necessarily. I'm not sure I understand the question either.

Q. It's my understanding that from what you said, and correct me if I'm wrong, but they contacted you with regard to the preparation of a second declaration having to do with, as you put it, the style of the products?

MR. ARTZ: I'm going to object. I don't think that's what his testimony was.

A. I'm not sure we're talking about style of products or style of the advertisement for it. That was my understanding. And I could be wrong. As I said, I don't recall exactly.

Q. Who prepared your second declaration?

A. They faxed me -- and this is John Artz faxed me a copy of this or faxed this to me. There were some items in there that were vague. I made some corrections to it, just what I thought should read to be precise. I faxed it back to him and then he mailed this to me.

Q. When you say John Artz, you mean young John Artz?

A. Yes.

Q. How did they get the information that they

put into the declaration?

A. Through the phone conversations.

Q. So is everything in your second declaration something that you had told them in your phone conversations?

MR. ARTZ: Objection, vague indefinite. I don't understand the question.

Q. Let me say it a different way. Is there anything in your second declaration that you did not talk about in your conversations with MDI's attorneys?

A. No.

Q. To the best of your knowledge, could you describe exactly how the specifications for the Windbuster ended up on the bid sheet that's page 3 of Lunt Exhibit 3?

A. I don't know specifically. Repeat the question again. I was looking for the paper too.

Q. Okay. To the best of your knowledge, could you tell me how the Windbuster specifications ended up on the bid sheet which is page 3 of Lunt Exhibit 3?

A. I do not know how that got on there.

Q. Your second declaration provides some information about a specification in mid 1995. Just

one moment. The first paragraph 6 of your second declaration says that you prepared a specification to obtain a quote for sign stands and some roll-up signs and that you based the specification for the sign stands on two brochures you picked up somewhere.

Did you put the Windbuster specifications on the specification sheet or did somebody else?

MR. ARTZ: Hold on a second. I'm going to object. Which specification sheet are we talking about? He's testified that he prepared a specification sheet or a memo which was given to the purchasing department which ultimately prepared this. So you've got to be more clear. You are mixing the two up and it's going to be a messy record. With that understanding, let's try to be clear as to which specification we're talking about.

Q. I was talking about the specification sheet that you gave to the purchasing department.

A. The specification sheet that I gave to the purchasing department?

Q. Right. So it was you that put the specifications for Windbuster on that sheet -- or were there specifications for Windbuster on that sheet? Let me ask that question.

A. To the best of my recollection, the Windbuster was not mentioned in my written specifications sent to the purchasing department.

Q. Do you still have the written specification that you sent to the purchasing department?

A. No, I do not. It may be in my computer. I'm not sure. I was doing everything the way I'm doing now on the computer system. So it may or may not be in there.

Q. So to the best of your knowledge, you prepared a specification sheet with Windmaster specifications on it, is that correct, if we're talking about the specification referred to on your second declaration?

A. That is correct, to the best of my recollection.

Q. And then at some point the bid sheet included information relating to the Windbuster?

A. That's correct.

Q. Do you know where you got the brochures from that you mention in the first paragraph 6 of your second declaration?

MR. ARTZ: This has been asked and answered.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.

Plaintiff,

v.

TRAFFIX DEVICES, INC.

Defendant.

Civil Action No. 95-CV-40230
Honorable Paul V. Gadola

DECLARATION OF WILLIAM GOTTSCHALK

William Gottschalk, being duly sworn, do states:

1. I am a law clerk employed by Reising, Ethington, Barnard & Perry, PLLC.

2. On Monday morning, March 10, 1997, I was asked by Jeanne-Marie Marshall to take pictures of the sign stands in use at a construction site located on north bound Telegraph between I-696 and 10 Mile Road.

3. As requested, I drove to the construction site and took photographs of two of the sign stands, one located at the northwest corner of 10 Mile Road and Telegraph and another on the same side of the road immediately north and adjacent to the Giffels parking lot.

4. These two sign stands were representative of the portable sign stands in use at the construction site, including the use of a donut shaped weight as ballast.

5. Each of the two sign utilized roll-up signs; one was a 45 MPH sign and another was a graphical representation that the right lane ended ahead. Both sign stands utilized a donut shaped weight positioned about the vertical upright and resting upon the legs of the stand. Both sign stands had stickers indicating the manufacturer as "USA SIGN" and included the designation "WIND-deflectable".

6. I have attached as Exhibit 1 several of the photographs that I took of the sign stands on March 10, 1997. These photographs are an accurate representation of the portable sign stands in use at the construction site

8. I am competent to testify on the above matters, and the above information is true to the best of my knowledge.

/s/ William Gottschalk

William Gottschalk

Date: 3/28/97

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

ROBERT SARKISIAN,

Plaintiff,

vs.

WINN-PROOF CORPORATION,
WILLIAM A. WERNER, and
WER-NEL ENTERPRISES, INC.,

Defendants.

Civil No. 75-1131

DEPOSITION OF ROBERT SARKISIAN

September 30, 1976

[Pages 2-6 omitted]

A. Yes.

Q. Did you have an ongoing sign stand or display business of your own before you incorporated Marketing Displays?

A. No.

Q. You went directly from Arlington Aluminum Company to formation of your own company, Marketing Displays?

A. Yes.

Q. I believe in the Answers to Interrogatories you have indicated Marketing Displays is furnishing some of the backing for this litigation. What percentage of the litigation expenses are they providing?

A. All.

Q. Did the company that you formerly worked for, Arlington Aluminum Company, did they manufacture sign stands which in any way would move with the wind or would deflect with the wind?

A. No.

Q. They made only stationary sign stands?

A. Well, they didn't have a product as such.

Q. You said they made display----

A. Yes.

Q. -- devices. What kind of display devices did they have?

A. Racks to hold merchandise, poster frames, tripod easels, literature racks.

Q. Were any of those poster frames designed for outside use?

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF OREGON
SOUTHERN DIVISION

MARKETING DISPLAYS, INC.,

Plaintiff(s),

-vs-

TRAFFIX DEVICES, INC.,

Defendant(s).

No. 95-CV-40230

DEPONENT:	ROBERT SARKISIAN
DATE:	September 27, 1996
TIME:	9:55 a.m.
LOCATION:	1000 Town Center, 22nd Floor Southfield, Michigan
REPORTER:	Robert F. Grittini

[Pages 2-76 omitted]

A. No.

Q. Do you know why not?

A. Our focus at that time was on the infringement of our patents.

Q. Have you sued anyone else for trademark infringement besides TrafFix Devices and Eastern Metals?

A. And yourself.

Q. How about have you sued anyone else for trade dress infringment besides Eastern Metals and TrafFix Devices?

A. And yourselves.

Q. That's TrafFix Devices.

A. Oh, I'm sorry. No, I don't know.

Q. Are you aware of anyone else in the marketplace presently utilizing a dual spring design?

A. There's another company, I forgot their name, that does have the dual spring design.

Q. Would that be Bone Safety?

A. Could be.

Q. Do you object to their dual spring design?

A. I do.

Q. Why?

A. Because it emulates the look of WindMaster.

Q. Besides Bone Safety, Eastern Metals and TrafFix, do you know of anyone else utilizing the dual spring design in relation to a traffic sign stand?

A. No.

Q. You stated that you objected to the appearance of the Bone Safety sign stand. Have you instituted a lawsuit against Bone Safety?

A. Not at this juncture.

Q. Are you contemplating filing a lawsuit against Bone Safety?

MR. J.A. ARTZ: Objection, that's privileged. You don't have to answer that question.

MS. MARSHALL: Whether or not Mr. Sarkisian is contemplating filing a lawsuit is not privileged. Any conversations he has had with you about whether to file a lawsuit certainly would be privileged. But I disagree whether his own personal thoughts on the matter, they have nothing to do with communications.

MR. J.A. ARTZ: His personal knowledge would not be filing a lawsuit. If a lawsuit is going to be filed, it's going to be filed on behalf of the company, so therefore, he's answering on behalf of the company relative to that question and it's privileged

and I instruct him not to answer.

MS. MARSHALL: The company's thoughts on whether or not to file a lawsuit aren't privileged. Company acts through individuals and an individual makes a determination. Any conversations with you is communications between counsel and the client that are privileged.

M. J.A. ARTZ: There's no sense debating this, Miss Marshall, he's not going to answer the question because it's all privileged. Anything that they have relative to what to do with Bone Safety has been on advice of counsel, so therefore, anything he may answer would be based on the advice of counsel and necessarily include the advice of counsel, therefore, he should not answer the question.

A. I would agree with that. I'll support you on that.

MR. J.A. ARTZ: Thank you.

Q. (By Ms. Marshall:) Let me ask you this: Have you consulted counsel regarding this situation with Bone Safety?

MR. J.A. ARTZ: Go ahead.

A. We have talked to counsel about that, yes.

Q. (By Ms. Marshall:) And can you tell me when

those conversations took place?

A. Not precisely.

Q. Can you give me an approximate time frame?

A. Within the last year.

Q When did you become aware of the sign stand being marketed by Bone Safety?

A. I don't remember.

Q. Have you had any communications with anyone at Bone Safety regarding your objections to the appearance of their sign stand?

A. I don't know. I personally have not, but I don't know if the company has.

Q. Who would know whether or not the company had had any communications with Bone Safety?

A. I would guess the product manager, John Sarkisian.

Q. And do you know whether there have been any written communications with Bone Safety --

A. No.

Q. -- regarding --

A. I don't know.

Q. Would that also be John Sarkisian?

A. It probably would be, yes.

Q. If there were any communications with Bone Safety in writing, where would those be located?

A. I don't know.

Q. Would those be kept in the files at MDI?

A. Probably.

Q. If your attorney has done any communicating with Bone Safety on your behalf, would you have copies of those letters in your file?

A. Probably. I don't know.

MR. J.A. ARTZ: Your file, you're talking about MDI and not him personally, you're talking about MDI?

Q. (By Ms. Marshall:) Let's break it down. Would you have any records at MDI that your attorney have sent you at MDI a copy of?

A. I don't know. I don't know.

Q. And the attorney didn't send you anything personally?

A. No. Yes, he did not.

Q. Do you know what happened to Winn-Proof Corporation?

A. No.

Q. Do you know if they're still in business?

A. Pardon me?

Q. Do you know if they're still in business?

A. I don't think so.

Q. Do you know when they went out of business?

JOINT APPENDIX VOL. 2 Unavailable for Filming at this Time

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No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

BRIEF FOR PETITIONER

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QUESTION PRESENTED

Whether federal trade dress protection extends to a product configuration—such as the one at issue in this case—covered by an expired utility patent.

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

The caption contains the names of all parties that appeared in the Sixth Circuit. Petitioner TrafFix Devices, Inc. has no parent companies or subsidiaries.

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IN THE

Supreme Court of the United States

No. 99-1571

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

On Writ of Certiorari to
the United States Court of Appeals
for the Sixth Circuit

BRIEF FOR PETITIONER

OPINIONS BELOW

The opinion of the Sixth Circuit is reported at 200 F.3d 929 and reproduced in the appendix to the petition for certiorari ("Pet. App.") at 1a. The June 2, 1997 opinion of the District Court for the Eastern District of Michigan is reported at 967 F. Supp. 953 and reproduced at Pet. App. 68a. The June 12, 1997 opinion of the District Court is reported at 971 F. Supp. 262 and reproduced at Pet. App. 25a.

JURISDICTION

The judgment of the Sixth Circuit was entered on December 29, 1999. Pet. App. 1a. The jurisdiction of the Sixth

Circuit was based on 28 U.S.C. §§ 1291 and 1292(a)(1). This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Patent Clause of the United States Constitution grants Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8.

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides in part:

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person * * *
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

The full text of Section 43(a) and other pertinent statutory provisions are reprinted in the addendum to this brief.

INTRODUCTION

Our patent system rests on a "carefully crafted bargain." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-151 (1989). An inventor "who is willing to reveal to the public the substance of his discovery" may obtain, in the form of a patent, a limited "right to exclude others from

making, using, or selling the invention." *Id.* at 150 (quotations omitted). But once the patent expires, "the invention inures to the people, who are thus enabled without restriction to practice it and profit by its use." *Id.* at 151 (same). The bargain—viewed by the Framers as vital to fostering invention in the new Republic without stifling competition—is guarded by the Constitution, which, while authorizing Congress to grant patents, provides that they must be for "*limited* Times." U.S. Const. art. I, § 8, cl. 8 (emphasis added). To enforce this bargain, this Court has "long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats*, 489 U.S. at 152.

In this case, it is necessary for the Court, again, to enforce the patent bargain, and ensure that the public's right to copy and use the subject of expired patents is not thwarted. Respondent manufactures and sells a highway traffic sign stand that for years enjoyed utility patent protection. During this period, respondent successfully enforced its patent monopoly to prevent the competition from using its invention and selling a virtually identical sign stand. Then respondent's patents expired. At that point, petitioner sought to manufacture a traffic sign stand with the same basic configuration as the one utilized by respondent and covered by its expired patents, but with certain improvements that petitioner eventually patented. No longer armed with its patent monopoly, respondent brought this action to enjoin the sale of petitioner's sign stand under Section 43(a) of the Lanham Act, claiming that petitioner had infringed respondent's "trade dress" in the form of the patented device itself.

Compared to patent law, federal trade dress law is of recent vintage and stands on a different constitutional footing. Federal trade dress law has evolved only over the past few decades and largely as a result of judicial interpretation of the Lanham Act—a product of the exercise of Congress' general Commerce Clause authority. The concept of protectible

trade dress "originally included only the packaging, or 'dressing,' of a product, but in recent years has been expanded by many courts of appeals to encompass the design of a product" and, at its extreme, even just a product's shape or configuration. *Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 120 S. Ct. 1339, 1342 (2000). The basic question in this case is whether, or under what circumstances, federal trade dress protection extends under the Lanham Act to a product configuration that is the subject of an expired utility patent.

The resolution of this issue has profound consequences for the patent bargain, the public's right to copy from expired patents, and a patent system that has proven to be one of the most successful engines ever devised for promoting scientific innovation without impeding the sort of "imitation and refinement through imitation" that is "the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146.

STATEMENT OF THE CASE

Respondent Marketing Displays, Inc. ("MDI") has manufactured and sold a commercially successful traffic sign stand since the mid-1970s under the registered trademark WINDMASTER. WINDMASTER traffic sign stands—used to display signs such as ROAD WORK AHEAD—have a single upright attached to four legs, with a narrowly spaced, dual-spring base connecting the upright to the legs. *See* Appendix ("App.") 1a. Due to the operation of the dual-spring base in conjunction with other components of the device, the sign stand is able to stay upright in windy conditions and deflect blows from oncoming traffic. The discovery that is the basis for the sign stand's success was conceived by MDI's president, Robert Sarkisian, in the mid-1960s and is the subject of two utility patents issued by the United States Patent and Trademark Office ("PTO")—U.S. Patent Numbers 3,646,696 and 3,662,482, or the '696 and '482 patents. The last of these patents expired in 1989, 17 years after it was issued. Pet. App. 2a-3a, 26a-27a.

Utility patents may be issued for any novel, useful, and nonobvious process, machine, manufacture, or composition of matter. *See* 35 U.S.C. §§ 101-103. They secure a limited monopoly on the use of the invention, expressed in terms of "the right to exclude others from making, using, offering for sale or selling the invention throughout the United States" during the life of the patent. *Id.* § 154(a)(1). MDI's patents claim a "display device comprising an unanchored base" and spaced-apart "ground-engaging means"—what we would call legs—with "a spring structure mounting the frame structure onto the base, said spring structure comprising spring means connected at least at two spaced apart locations between the lower end of the frame structure and the base." '482 Patent, L49; '696 Patent, L44.[1] They also set forth the basic formula according to which the device functions, which, among other things, limits placement of the dual-spring base in relation to other elements of the stand and its center of gravity. *See* '482 Patent, L50; '696 Patent, L43; J.A. 181, 183-184.

The file history of MDI's patents touts the utilitarian significance of the stand's unique, dual-spring base:

> One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection[.] * * * The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent twisting of the sign frame. Thus, it is not a matter of choice whether one or two springs are used in [the] invention. [*See* J.A. 220 (File History of '696 Patent).]

During the life of the patents, MDI advertised its traffic sign stands and labeled them as being "[c]overed by" the

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[1] The '696 and '482 patents, along with various other record materials containing diagrams or photographs, are included in the parties' Rule 32 Lodging, cited as "L__."

'696 and '482 patents. L85 (MDI brochure); *see* L56, L75, L81, L91; J.A. 208. In addition, MDI enforced its patent monopoly by enjoining a competitor (Winn-Proof) from selling a "spring mounted sign stand" virtually identical to MDI's traffic sign stand. *Sarkisian* v. *Winn-Proof Corp.*, 697 F.2d 1313, 1316 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983). *See id.* at 1315; App. 1a. In upholding the injunction, the Ninth Circuit observed that the dual-spring base is a "crucial element[]" of the device, and agreed with the district court "that the pair of springs used in the accused sign stand was the equivalent of the pair of 'spaced apart' coil springs described in the claims of Sarkisian's '696 patent." 697 F.2d at 1319-20 n.15, 1322. The court similarly found that both MDI's and Winn-Proof's sign stands "utilize[d]" the invention described in the patents "in fashioning the bases of their respective devices" and, thus, "function[] in precisely the same way" as the patented invention. *Id.* at 1322.

MDI's patents expired in 1989. TrafFix's president, an inventor with several patents in his own right, knew that MDI's patents had expired, and understood that after expiration of a patent the subject matter of the patent enters the public domain. TrafFix accordingly arranged to reengineer a traffic sign stand utilizing the same basic configuration—a dual-spring base attached to four spaced-apart legs and an upright—that is covered by the '696 and '482 patents and is the reason the sign stand is so stable. At the same time, however, TrafFix sought to improve MDI's product. Thus, for example, TrafFix developed and eventually patented (U.S. Patent Number 5,611,509) a step-and-drop leg that eliminates the need to bend over and release each leg individually, as is required in operating MDI's sign stand. In addition, TrafFix made improvements (also later patented) in the brackets used to display signs on its stand. TrafFix's version of the popular dual-spring sign stand bears the TrafFix label. *See* Pet. App. 3a; J.A. 252-253.

TrafFix brought its sign stand to market in 1994, and began selling it the following year under the WINDBUSTER mark. Pet. App. 3a-4a.[2] Just as it had done in the case of Winn-Proof, MDI moved to block TrafFix's entry into the market. But this time—since its patent monopoly had expired—MDI turned to federal trademark law. In July 1995 MDI filed this action under the Lanham Act, claiming that TrafFix's use of the WINDBUSTER mark infringed its WINDMASTER mark; that TrafFix's use of the basic configuration utilized by MDI's traffic sign stand infringed MDI's unregistered trade dress; and that TrafFix had thereby engaged in unfair competition. TrafFix counterclaimed, and both parties moved for summary judgment. On January 13, 1997, the District Court granted summary judgment for MDI on the trademark claim, and issued an amended opinion in support of its order on June 2, 1997. *Id.* 4a, 68a. On June 12, 1997, the District Court granted summary judgment for TrafFix on MDI's trade dress and unfair competition claims. *Id.* 4a, 25a.

In support of its trade dress infringement claim—the only claim at issue here—MDI touted what it described as the "unique and distinctive dual-spring design" of its sign stand. MDI's Mem. In Supp. Of Its Mot. For Summ. J. That Def.'s Spring-Mounted Sign Stands Infringe MDI's Trade Dress Rights, Dkt. No. 70, at 1-2. It similarly argued that, "[d]ue to the long period of exclusive use" (as a result of the expired patents) and promotional efforts during that period, people "associate MDI's product configuration—the dual-spring design—with MDI." *Id.* 3. *See also id.* ("The dual-spring design of MDI's * * * sign stands has become so widely known that people immediately associate the dual spring design with MDI."); MDI's Reply To TrafFix's Br. In Opp. To MDI's Mot. For Summ. J., Dkt. No. 88, at 3 (arguing that

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[2] TrafFix applied for registration of the WINDBUSTER mark in 1994. The PTO allowed the application and issued a registration in 1996, after the requisite notice period. *See* Pet. App. 3a-4a.

alleged trade dress is strong on the ground that "those in the industry have come to associate the look of the dual spring design as coming from MDI"); Pet. App. 29a & n.6, 60a.

In rejecting MDI's trade dress claim, the District Court began with the "well established [rule] that in the case of an expired patent, the federal patent laws * * * create a federal right to 'copy and use.' " *Id.* 46a-47a (quoting *Bonito Boats*, 489 U.S. at 165). The court also observed that " 'one cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection.' " *Id.* 49a (quoting 1 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 7:89 (4th ed. 1996)). Against this backdrop, the District Court viewed the "expired utility patents [as] especially strong evidence of the usefulness of the dual-spring design"—"the most *utilitarian* aspect of MDI's sign stands"—and held that the alleged "trade dress is functional as a matter of [trademark] law," and thus not protected by the Lanham Act. *Id.* 55a (emphasis in original).[3] In so holding, the District Court also concluded that cloaking MDI's product configuration with trade dress protection would hinder competition. *Id.* 54a.

The Sixth Circuit affirmed the District Court ruling on the trademark infringement claim, but reversed as to trade dress. With respect to the latter claim, the Court of Appeals acknowledged that "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection." *Id.* 18a. "The Fifth, Seventh, and Federal Circuits have held or

[3] The District Court found "untenable" MDI's argument that the expired patents did not sufficiently disclose the configuration of MDI's traffic sign stand, or the alleged trade dress, given that "MDI has, in the past, enforced its rights in its * * * patents by enjoining the manufacture of a product configuration *virtually identical* to that being alleged to constitute trade dress in the instant case." Pet. App. 49a (emphasis added).

strongly suggested that a utility patent disclosure does not prevent trade dress protection." *Id.* But "the Tenth Circuit * * * has held that '[w]here a product configuration is a significant inventive component of an invention covered by a utility patent * * * it cannot receive trade dress protection under section 43(a).' " *Id.* 19a (quoting *Vornado Air Circulation Sys., Inc.* v. *Duracraft Corp.*, 58 F.3d 1498, 1500 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996)). The Sixth Circuit then dismissed the Tenth Circuit position—which is grounded on "the public policy underlying patent law of releasing protected designs 'after a period of time"—and, instead, aligned itself with the circuits allowing federal trade dress protection in this context. *Id.*

In particular, the Sixth Circuit concluded that the District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patents and, instead, focused on whether use of "the particular product configuration is a competitive necessity." *Id.* 19a-20a (emphasis added). The court also criticized the District Court for focusing on the utility of the configuration covered by the expired patents, rather than the product's "entire look." *Id.* 19a. Even though the dual-spring base is the only component that distinguishes MDI's sign stands from the competition—"every other competitor uses the other elements of a single upright, four leg members extending out at angles, and a sign"—the Sixth Circuit held that the expired utility patents covering this configuration did not preclude trade dress protection. *Id.* 20a.

This Court granted certiorari. 120 S. Ct. 2715.

SUMMARY OF ARGUMENT

To promote the progress of useful arts, the patent system is built around a simple concept, or bargain: in exchange for the limited monopoly conferred by a patent, the public is entitled to copy and use the subject of the patent when it expires. This bargain is embodied in our Constitution and

patent laws. To enforce it, this Court has long held that "on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property." *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896). That includes "the right to make the machine in the form in which it was constructed during the patent." *Id.* The Court has repeatedly reaffirmed this principle and, in particular, held that trademark and unfair competition law may not be applied to defeat the public's right to copy from expired patents in the name of protecting against consumer confusion. Under these settled principles, the public's right to copy plainly extends to the product configuration in this case—the dual-spring sign stand that is the subject of MDI's expired utility patents.

The question presented is whether the law of federal trade dress—found in Section 43(a) of the Lanham Act—trumps the public's right to copy in these circumstances. It does not, and could not. To begin with, Congress has expressed no intent to repeal, or even just curtail, the public's right to copy from expired patents. Just the opposite. One of the purposes of the Lanham Act was to codify the common law of trademark and unfair competition; a settled feature of that law—carved by decisions like *Singer*—was that it could not be invoked to prevent the copying of a product configuration that is the subject of an expired patent. Moreover, as this Court has recognized, *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 164-165 (1995), and Congress recently made express, the Lanham Act does not confer trade dress protection on "functional" products or features. 15 U.S.C. § 1125(a)(3). By definition, a device that qualifies for utility patent protection is "useful" and, at least in a lay sense, functional. 35 U.S.C. § 101. And for most if not all utility-patented devices—including the dual-spring sign stand involved in this case—function dictates form.

A contrary construction would raise grave constitutional concerns. Because of the Constitution's "limited Times"

proviso, "Congress may not create patent monopolies of unlimited duration." *Bonito Boats*, 489 U.S. at 146. It may not do so by creating timeless patents, and it may not do so by cloaking the subject of expired patents with perpetual trade dress protection. The Court has already recognized that States may not attempt to continue the patent "monopoly by resorting to trademark law," *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); Congress is no more free to do so. Trademark law is a product of Congress' general Commerce Clause power, which, while far-reaching, does not authorize Congress to override other provisions of the Constitution. Congress retains leeway to protect against consumer confusion caused by the similarity of goods by requiring producers, for example, to label their own goods or use distinctive packaging. But it may not prevent the public from copying a product that is the subject of an expired patent; that would "substantially," and thus impermissibly, upset the patent bargain. *Bonito Boats*, 489 U.S. at 167.

The public's right to copy from expired patents should not be subordinated to a factbound inquiry—dressed in terms of functionality—into whether there is a "competitive need" to copy a particular configuration, at a particular point in time, in a particular market. This inquiry is not supported by this Court's trademark decisions, let alone a common sense construction of functionality. And it is a recipe for confusion, litigation, and the equally disruptive threat of litigation. As this Court recently recognized, "[c]ompetition is deterred * * * not merely by successful suit but by the plausible threat of successful suit." *Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 120 S. Ct. at 1345. Under an indeterminate, "competitive need" functionality regime, virtually no producer could rule out expensive Lanham Act litigation (or liability) for copying the subject of an expired patent. This would not only stifle the kind of "imitation and refinement through imitation" this Court has called "the very lifeblood of a competitive economy," but would discourage activity "nec-

essary to invention" itself. *Bonito Boats*, 489 U.S. at 146. Not to mention that there is no exception to the Constitution's "limited Times" provision based on the purported lack of competitive need for the public to use the subject of a particular patent.

Instead of embracing this indeterminate and counterintuitive concept of functionality, the Court should adhere to the clear, predictable rule it has applied for more than a century: "after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Id.* at 152. That includes the subject matter of MDI's expired patents and, thus, the dual-spring sign stand that was the subject of the *Winn-Proof* litigation, and is now at issue here. The judgment below should be reversed.

ARGUMENT

I. AS THIS COURT HAS REPEATEDLY RECOGNIZED, THE PATENT SYSTEM ESTABLISHES A PUBLIC RIGHT TO COPY AND USE THE SUBJECT OF EXPIRED PATENTS.

A. The Patent System Was Founded To Bring Discoveries Into The Public Domain And Thus Promote The Progress Of Useful Arts.

"To promote the progress of useful arts, is the interest and policy of every enlightened government," and the Framers appreciated that it was in the interest of ours. *Grant* v. *Raymond*, 31 U.S. (6 Pet.) 218, 241 (1832) (Marshall, C.J.). *See* Edward C. Walterscheid, *Patents & Manufacturing in the Early Republic*, 80 J. Pat. & Trademark Off. Soc'y 855, 860-861 (1998). In establishing our National Charter, the Framers—on James Madison's motion in 1787—specifically empowered Congress "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. While little discussion was devoted to the Patent Clause during the

debates on the Constitution, there has never been any serious dispute on this Court as to its import or meaning.

"The clause is both a grant of power and a limitation." *Graham* v. *John Deere Co.*, 383 U.S. 1, 5 (1966). It authorizes Congress to grant patents—"an equivalent form of monopoly"—in discoveries. *Id.* at 7. But at the same time, it limits that authority in significant respects. First, the authority must be exercised in furtherance of "the stated constitutional purpose," *id.* at 5-6—promotion of science and useful arts. "This is the *standard* expressed in the Constitution and it may not be ignored." *Id.* (emphasis in original). *See United States* v. *Steffens (The Trade-Mark Cases)*, 100 U.S. 82, 93-94 (1879); *Kendall* v. *Winsor*, 62 U.S. (21 How.) 322, 328 (1858). Second, the authority may only be used to grant patents for "limited Times." "Congress may not create patent monopolies of unlimited duration." *Bonito Boats*, 489 U.S. at 146. *See Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 16-17 (1829) (Patent Clause "contemplates" that an "exclusive right shall exist but only for a limited period") (Story, J.).

The decision to limit Congress' patent power in this fashion was by no means fortuitous. The Patent Clause "was written against the backdrop of the practices—eventually curtailed by the Statute of Monopolies—of the Crown in granting monopolies to court favorites in goods or businesses which had long before been enjoyed by the public." *Graham*, 383 U.S. at 5 (citing Peter Meinhardt, *Inventions, Patents & Monopoly* at 30-35 (London 1946)). Indeed, given this experience, not to mention the "monopoly on tea that sparked the Revolution," the founding Americans "had an instinctive aversion to monopolies." *Id.* at 7. Thomas Jefferson—who this Court has called the "moving spirit" behind our patent system, in light of "his active interest and influence in the early development of [that] system"—viewed the "limited private monopoly" conferred by a patent as nothing less than a " 'public * * * embarrass-

ment.' " *Graham*, 383 U.S. at 7, 9 (quoting Jefferson).[4] But Jefferson, like the Framers, eventually if begrudgingly came to the view that it was a necessary embarrassment.

The "limited and temporary monopoly" conferred by a patent is "at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important object." *Kendall*, 62 U.S. (21 How.) at 327-328. *See Graham*, 383 U.S. at 9; *see also Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 229 (1964) (patents "are meant to encourage invention by rewarding the inventor with the right, limited to a term of years fixed by the patent, to exclude others from the use of his invention"); *Grant*, 31 U.S. (6 Pet.) at 241-242 (The patent "is the reward stipulated for the advantages derived by the public for the exertions of the individual, and is intended as a stimulus to those exertions.") (Marshall, C.J.). The stimulation of what Justice Story called the "efforts of genius" served the "main object" of the Patent Clause—"to promote the progress of science and useful arts." *Pennock*, 27 U.S. (2 Pet.) at 19 (quotation omitted). The patent monopoly is "merely a means to that end." *United States* v. *Masonite Corp.*, 316 U.S. 265, 278 (1942).

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[4] From his diplomatic post in France, Jefferson lobbied Madison to include in the Constitution "a Bill of Rights provision restricting monopoly." *Graham*, 383 U.S. at 7. Similarly, after learning that the Constitution had been ratified by the requisite nine States, Jefferson wrote Madison to express his delight, but added that it would be wise "to abolish * * * Monopolies, in all cases." 1 The Republic of Letters 545 (James Morton Smith ed. 1995) (July 31, 1788 Ltr. from Jefferson to Madison). Jefferson continued: "The saying there shall be no monopolies lessens the incitements to ingenuity, which is spurred by the hope of a monopoly for a limited time, as of 14. years; but the benefit even of limited monopolies is too doubtful to be opposed to that of their general suppression." *Id.*

But the patent monopoly—so at odds with America's "instinctive aversion to monopolies," *Graham*, 383 U.S. at 7—is not freely given. From the first patent laws, it has been extended only "on the condition that [the inventor] make full disclosure for the benefit of the public of the manner of making and using the invention, and that upon expiration of the patent the public be left free to use the invention." *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. at 255. *See also Pfaff* v. *Wells Elecs., Inc.*, 525 U.S. 55, 63-64 (1998); *United States* v. *Dubilier Condenser Corp.*, 289 U.S. 178, 186-187 (1933). Thus, in defending the patent monopoly later in his life, Madison himself wrote that it was "considered as a compensation for a benefit actually gained to the community as a purchase of property which the owner might otherwise withhold from public use." Elizabeth Fleet, *Madison's "Detached Memoranda,"* 3 Wm. & Mary Q. 534, 551 (1946) (reproducing Madison's manuscript). This forms the "carefully crafted bargain" that has always underlay our patent system. *Bonito Boats*, 489 U.S. at 150-151.[5]

"To this end the law requires such disclosure to be made in the application for patent that others skilled in the art may understand the invention and how to put it to use" after the patent expires. *Dubilier Condenser*, 289 U.S. at 187 (footnote omitted). *See Bonito Boats*, 489 U.S. at 147; 35 U.S.C.

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[5] Congress has also established stringent requirements of patentability—including novelty, usefulness, and nonobviousness—to ensure that only discoveries warranting "the special inducement of a limited private monopoly" are eligible for patent protection. *Graham*, 383 U.S. at 9. *See Bonito Boats*, 489 U.S. at 147-151 (discussing statutory requirements). As the first steward of the Nation's patent system, Jefferson played an integral role in shaping those requirements. Given his natural aversion to monopolies—even when limited—it is not surprising to find that he "did not believe in granting patents for small details, obvious improvements, or frivolous devices." *Graham*, 383 U.S. at 9. Instead, he "insist[ed] upon a high level of patentability." *Id.*

§ 112. This information is the consideration for which the patent is granted, and "[a]s has been many times pointed out," it is "dedicat[ed] to the public on the expiration of the patent." *Scott Paper*, 326 U.S. at 255; *see* Part I.B, *infra*. *See also Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 484 (1974) ("disclosure" is "the *quid pro quo* of the right to exclude"); *id.* at 480. The Patent Act's disclosure requirements serve the "ultimate goal of the patent system"—"to bring new designs and technologies into the public domain." *Bonito Boats*, 489 U.S. at 151. And, in this way, the patent laws "benefit * * * the public," "doubtless the primary object in granting and securing the [patent] monopoly" in the first place. *Kendall*, 62 U.S. (21 How.) at 327-328.

When all is said and done, the utility patent establishes a blueprint for the public to copy the invention upon expiration of the patent. As one commentator has explained:

> A utility patent consists of a cover page that lists pertinent information, a written description, and one or more claims. The written description, sometimes referred to as the specification and drawings, describes the invention, the preferred embodiment of the invention, and how to make and use it, so that the public has available the information needed to practice the invention. On expiration of the patent, the public may practice the invention freely. The claims of the patent define the metes and bounds of the patent owner's exclusive rights during the life of the patent. [Herbert F. Schwartz, *Patent Law & Practice* 7-8 (2d ed. 1995) (footnote omitted).]

The patent bargain not only has been part of our patent system from the organization of our government, it is embodied in and protected by the Constitution. It reflects the "understanding, implicit in the Patent Clause itself, that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception." *Bonito Boats*, 489 U.S. at 151. At the same time, by guaranteeing that inventions eventually inure to the public, the bargain serves the express

purpose of the Patent Clause. As Justice Story wrote, the "best" way to promote the progress of useful arts is "by giving the public at large a right to make, construct, use, and vend the thing invented, at as early a period as possible." *Pennock*, 27 U.S. (2 Pet.) at 19. And of course, the bargain honors the constitutional command—of the utmost concern to Jefferson and others—that discoveries may only be cloaked with patent protection for "limited Times," U.S. Const. art. I, § 8, cl. 8, after which they inure to the people.

For more than two centuries, this system—firmly rooted in the Nation's Constitution, laws, and history—has successfully promoted science and the useful arts in this country, perhaps even beyond the Framers' greatest expectations.

B. This Court Has Repeatedly Affirmed That The Public Is Entitled To Copy And Use The Subject Of Expired Patents.

Consistent with this regime, this Court has "long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats*, 489 U.S. at 152; *see id.* at 165. Moreover, the Court has repeatedly emphasized that unfair competition or trademark law may not be applied in a manner that would defeat the public's right to copy and use the subject of expired patents, or create what are in effect patent monopolies of unlimited duration. As the Court put it in *Scott Paper*, 326 U.S. at 256 (emphasis added), "any attempted reservation or continuation in the patentee or those claiming under him of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent laws." Time and again, the Court has held true to this conviction—giving effect to the fundamental bargain underlying our patent system.

In the *Singer* case, the Court, more than a century ago, confronted the same basic issue presented here. After Singer's utility patents expired, a competitor introduced a

sewing machine with the same "general external appearance" as Singer's. 163 U.S. at 170. Singer sued to enjoin the sale of the machine under state unfair competition law, arguing that it was confusingly similar to Singer's. *Id.* In considering this claim, this Court observed "that the necessary result of the existence of [Singer's] patents was to give to the Singer machines, as a whole, a distinctive character and form which caused them to be known as Singer machines"—in modern parlance, product configuration trade dress. *Id.* at 179. But the Court rejected the notion—refloated by MDI here—that a "manufacturer, on the cessation of the [patent] monopoly, [has] the right to prevent the making by another of a like machine in the form in which it was made during the life of the patents." *Id.* at 184.

As the Court explained:

> It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent. [*Id.* at 185.]

Kellogg Co. v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938), is to the same effect. In that case, the National Biscuit Company brought suit under state unfair competition law to enjoin Kellogg's sale of shredded wheat in the same "generally known * * * pillow-shaped form" as National Biscuit's cereal. *Id.* at 113. National Biscuit had obtained product and process patents on its shredded wheat cereal. This Court—following *Singer*—held that Kellogg had the right to copy the form of the biscuit upon expiration of the patents. Justice Brandeis wrote for the Court:

> The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—the form in

> which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. * * * Hence, upon expiration of the patents the form * * * was dedicated to the public. [*Id.* at 119-120.]

The Court concluded that Kellogg "was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff." *Id.* at 120. Kellogg did so by selling its product in "distinctive" cartons—or packaging—that "bear prominently the Kellogg name." *Id.* at 121. Even though this result in effect allowed Kellogg to profit from the "good will" that National Biscuit had generated in the product during the life of its patents, it was "not unfair." *Id.* at 122. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested." *Id.* Unfair competition law could not defeat that important public right.[6]

In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. at 230 (emphasis added), the Court explained, again, that "when the patent expires the monopoly created by it expires, too, and the right to make the article—*including the right to make it in*

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[6] Citing *Singer* and *Kellogg*, the Court in *Scott Paper* declared in the same vein:

> By the force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly. Hence we have held that the patentee may not exclude the public from participating in that good will or secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims. [326 U.S. at 256.]

precisely the shape it carried when patented—passes to the public." The product at issue in *Sears*, along with the one in the tandem decision of *Compco Corp.* v. *Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964), was the subject of a patent later found to be invalid. Nevertheless, in each case, the Court invoked the constitutional policy giving rise to the right to copy from expired patents, and held that state unfair competition law could not be applied in a manner that would "prohibit the copying of the *article itself*." *Sears*, 376 U.S. at 232-233 (emphasis added); *see Compco*, 376 U.S. at 237. That result would impermissibly "interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes." 376 U.S. at 237. If anything, the public's right to copy an article is only stronger where—as in this case, and in *Singer* and *Kellogg*—it has enjoyed patent protection and, therefore, the public has conferred a patent monopoly upon the inventor *in exchange for* the right to copy the product upon expiration of the patent. That is the essence of the patent bargain.

Bonito Boats underscores the continuing vitality of the *Singer* line. There, the Court held unconstitutional a state law making it unlawful to use a particular process to duplicate an unpatented boat hull—thereby extending indefinite protection "for subject matter for which patent protection has been denied *or has expired*." 489 U.S. at 159 (emphasis added). As the Court explained, the law at issue "substantially restrict[ed] the public's ability to exploit ideas that the patent system mandates shall be free for all to use," and thus intolerably altered the "careful balance" underlying the federal patent system. *Id.* at 167. In so holding, the Court was "troubled" by the lower court's statement that "the patent laws say 'nothing about the right to copy or the right to use.' " *Id.* at 164 (quoting decision). "For almost 100 years," the Court admonished, "it has been established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use.' " *Id.* at 165

(emphasis in original). Cases such as *Singer*, *Kellogg*, *Sears*, and *Compco*—on which the *Bonito Boats* Court specifically relied, *see id.* at 152-153—are a testament to that.[7]

C. The Public's Right To Copy And Use The Subject Of Expired Patents Extends To MDI's Patented, Dual-Spring Sign Stand.

There can be little doubt that—at least from this patent perspective—the public's right to copy and use the subject of expired patents extends to the product configuration in this case. MDI obtained utility patent protection for its dual-spring sign stand, arguing successfully that the product met the stringent requirements of patentability, including "useful[ness]." 35 U.S.C. § 101. In exchange for the disclosures made in its patent applications, the public granted MDI a 17-year monopoly on the use of its discovery. During this period, MDI was free to reap the benefits of its patent monopoly—and did so. MDI labeled and advertised its sign stand as being covered by the '696 and '482 patents (discouraging competition); successfully enforced those patents in the *Winn-Proof* litigation to enjoin the sale of a sign stand "virtually identical" to the one made by TrafFix (eliminating competition), Pet. App. 49a; and achieved great commercial success in the traffic sign stand market. But when MDI's patents expired, as all patents eventually must, MDI had to live up to its end of the bargain.

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[7] The Court has affirmed the public's right to copy from expired patents in numerous other cases, too. *See, e.g., Dubilier Condenser*, 289 U.S. at 187 ("upon expiration of [the patent], the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use"); *Coats* v. *Merrick Thread Co.*, 149 U.S. 562, 572 (1893) ("[P]laintiffs' right to the use of the embossed periphery expired with their patent, and the public had the same right to make use of it as if it never had been patented.").

Just as in the case of Singer's sewing machine or National Biscuit's cereal biscuit, MDI's invention entered the public domain, and there "passe[d] to the public the right to make [it] in the form in which [MDI's sign stand] was constructed during the patent[s]." *Singer*, 163 U.S. at 185. *See also Sears*, 376 U.S. at 230 (upon expiration of the patent, the public has "the right to make the article * * * in precisely the shape it carried when patented"); *Kellogg*, 305 U.S. at 119-120 (same). That includes the right to copy and use the narrowly spaced, dual-spring base of MDI's traffic sign stand, as well as the overall configuration of the mechanical device that is the subject of MDI's utility patents. Indeed, the formula according to which MDI's sign stand functions limits the configuration of the components of the sign stand in relation to one another, restricting the overall form that the device may take and still achieve the patented function of staying upright in windy conditions. *See supra* at 5.

The *Winn-Proof* litigation underscores that the product configuration at issue here is covered by MDI's expired utility patents. As discussed, MDI successfully argued in that litigation that a sign stand essentially identical in appearance and function to MDI's traffic sign stand—and to TrafFix's sign stand—infringed MDI's patents. *See* App. 1a. As MDI argued in that case, the MDI and accused Winn-Proof traffic sign stands, while not identical to the sign stand pictured in those patents, "contain substantially the same elements, perform in substantially the same manner, and achieve substantially the same results as the Sarkisian invention." J.A. 240. Indeed, MDI claimed that the accused sign stands "were slavish copies, from the standpoint of function, of the sign stand *described and claimed* in the Sarkisian patents." *Id.* 236 (emphasis added). *See id.* 183. The Ninth Circuit agreed, concluding that Winn-Proof's dual-spring sign stands "achiev[ed] the same results in precisely the same manner" as the device disclosed in MDI's patents, and, thus, infringed those patents. 697 F.2d at 1323.

In so holding, the Ninth Circuit applied the "doctrine of equivalents." *See id.* at 1321-22. Under this fixture of patent law, it is said that "the substantial equivalent of a thing * * * is the same as the thing itself," such "that if two devices do the same work, in substantially the same way, and accomplish substantially the same result, they are the same, even though they differ in name, form, or shape." *Machine Co.* v. *Murphy*, 97 U.S. 120, 125 (1877) (citation omitted). *See Warner-Jenkinson Co.* v. *Hilton Davis Chem. Co.*, 520 U.S. 17, 40-41 (1997); *Winans* v. *Denmead*, 56 (15 How.) U.S. 330, 341 (1853). This doctrine ensures that producers cannot avoid patent infringement by altering the "literal detail[s]" of an invention while nevertheless achieving the same results of the invention in the same way. *Graver Tank & Mfg. Co.* v. *Linde Air Prods. Co.*, 339 U.S. 605, 607 (1950). To permit such "imitation of a patented invention * * * would be to convert the protection of the patent grant into a hollow and useless thing." *Id.* That, in turn, "would foster concealment rather than disclosure of inventions, which is one of the primary purposes of the patent system." *Id.*[8]

At a minimum, the public's right to copy and use the subject of expired patents is coextensive with the scope of the patent monopoly bestowed upon the inventor. Otherwise, the public would be giving more than it gets, fundamentally altering the nature of the bargain underlying our patent system. Accordingly, in this case, the *Winn-Proof* litigation establishes beyond doubt that when MDI's patents expired,

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[8] Of course, the "*form* in which [a product] was constructed during the patent," *Singer*, 163 U.S. at 185 (emphasis added), will invariably be the equivalent (or closer) of the invention disclosed in the patent. Otherwise, an inventor would not be able to enforce its patent monopoly to enjoin the sale of equivalent products during the patent period, negating the principal incentive for seeking patent protection in the first place. That was true of the products at issue in *Singer* and *Kellogg* and—as the *Winn-Proof* litigation establishes—it is true of the product at issue here.

the public acquired the right to copy and use the dual-spring sign stands involved in that case—which are "virtually identical" to the one at issue here. Pet. App. 49a; App. 1a. That conclusion may be arrived at either by looking to the form in which the invention was practiced during the patent, as this Court did in *Singer* and *Kellogg*, or to the invention claimed and disclosed by MDI in obtaining patent protection in the first place. As explained next, the law of federal trade dress does not—and could not—alter this conclusion.

II. FEDERAL TRADE DRESS LAW DOES NOT—AND COULD NOT—DEFEAT THE PUBLIC'S RIGHT TO COPY AND USE PRODUCT CONFIGURATIONS THAT ARE THE SUBJECT OF EXPIRED PATENTS.

A. Product Configuration Trade Dress Lacks The Constitutional And Historical Footing Of The Public's Right To Copy From Expired Patents.

Compared to patent law, federal trade dress law—an offshoot of trademark law—is of relatively recent origin, and stands on a different constitutional footing. The first federal trademark act was not passed until 1870. It established a means of trademark registration, but was short-lived. In *The Trade-Mark Cases*, 100 U.S. at 93-94, this Court held that the Act was unconstitutional as an exercise of Congress' patent power. As the Court explained, "[t]he ordinary trademark has no necessary relation to invention or discovery. * * * It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation." *Id.* at 94. Thus, the Court held that the legislation was not authorized by "any * * * power in the constitutional provision concerning authors and inventors, and their writings and discoveries." *Id.* Instead, to come "within congressional control," trademark legislation must be authorized as an exercise of Congress' Commerce Clause authority. *Id.* at 95. The 1870 Act failed on that account, too, because, in

passing the Act, Congress made no effort to tie the regulation of trademarks to interstate, foreign, or Indian commerce.[9]

Over the next 75 years, Congress established limited protection for marks used in such commerce. *See* Pattishall, *supra*, at 461-462. But this legislation "reflected the view that protection of trademarks was a matter of state concern and that the right to a mark depended solely on the common law." *Park 'N Fly, Inc.* v. *Dollar Park & Fly, Inc.*, 469 U.S. 189, 193 (1985). Meaningful national trademark protection did not arrive until the passage of the Lanham Act in 1946. That "Act was intended to make 'actionable the deceptive and misleading use of marks' and 'to protect persons engaged in * * * commerce against unfair competition.' " *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 767-768 (1992) (quoting Act; footnote omitted). It affords "national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers." *Park 'N Fly*, 469 U.S. at 198. Because trademark law is not concerned with fostering innovation—or, as *The Trade-Mark Cases* establish, inventions within the domain of patent law—Lanham Act protection is renewable for as long as a holder continues to use his mark, "in perpetuity." *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. at 164-165.

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[9] The Court observed that the common law recognized "[t]he right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of use by all other persons." 100 U.S. at 92. At the time of the founding, the English law of trademarks generally focused on "deceit, or the likelihood of deceit, arising out of a latecomer's use of a name or mark." Beverly W. Pattishall, *The Constitutional Foundations of American Trademark Law*, 78 Trademark Rptr. 456, 458 (1988). While the Framers were no doubt aware of this law, neither the Constitution nor any deliberation records make any mention of trademarks. *See id.* at 456.

The Lanham Act provides for registration with the PTO of trademarks—defined as "any word, name, symbol, or device, or any combination thereof" used by a producer "to indicate the source of [its] goods," 15 U.S.C. § 1127—and accords significant protection to such registered marks. *See id.* §§ 1114, 1057(b), 1065. But the Act also protects unregistered marks. In particular, Section 43(a) authorizes a civil action for the use by another of "any word, term, name, symbol, or device, or any combination thereof * * * which is likely to cause confusion * * * as to the origin, sponsorship, or approval of his or her goods." *Id.* § 1125(a). This Court has interpreted Section 43(a) to protect against the unauthorized use of another's trade dress, reasoning "that trade dress constitutes a 'symbol' or 'device' for purposes of the relevant sections." *Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 120 S. Ct. at 1342. In 1999 Congress amended Section 43(a) and, for the first time, expressly acknowledged "civil actions for trade dress infringement under this chapter for [unregistered] trade dress." 15 U.S.C. § 1125(a)(3).

Trade dress law—like trademark law in general—evolved from the law of unfair competition. Originally, the concept of trade dress, as the term suggests, "included only the packaging, or '*dressing*,' of a product." *Wal-Mart Stores*, 120 S. Ct. at 1342 (emphasis added). *See* Restatement (Third) of Unfair Competition § 16, cmt. a (1995). "[B]ut in recent years [the concept] has been expanded by many courts of appeals to encompass the *design* of a product," and even just its shape or configuration. 120 S. Ct. at 1342 (emphasis added). One commentator has traced this phenomenon to 1976, *see* Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119, 123 (1997) (citing *Truck Equip. Serv. Co.* v. *Fruehauf Corp.*, 536 F.2d 1210 (8th Cir.), *cert. denied*, 429 U.S. 861 (1976)); another to the "early 1980s," 1 McCarthy, *supra*, § 8.1, at 8-2. But whenever it began, the notion of federal trade dress protection in a product's con-

figuration—*i.e.*, the article itself—is nascent compared with the public's right to copy from expired patents.[10]

The consequences of this phenomenon are far-reaching, and bring federal trademark law into direct conflict with patent law and the policies underlying that law. Quite unlike product packaging, labeling, or even ornamental design, there are typically only a finite number of configurations or shapes that a product may take. That is especially true in the case of a utility patented invention, made to perform a particular use or function. At the same time, cloaking product configurations with federal trade dress protection does not simply give the producer a tool to strengthen source identification of its product, but the perpetual right to use that configuration for as long as the producer likes, effectively—and indefinitely—taking the configuration out of the public domain. In the case of a patented invention, this result directly interferes with the constitutionally grounded and time-honored right of the public to copy and use the subject of expired patents. And, as explained next, there is no reason to conclude that Congress intended Section 43(a), or any other provision of the Lanham Act, to achieve that result.

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[10] *See also* 1 McCarthy, *supra*, § 8.1, at 8-2 to 8-3 (tracing the evolution of federal trade dress from packaging to products themselves). Not all lower courts have taken the last—or at least latest—leap in this judicial trend. *See, e.g., Leatherman Tool Group, Inc.* v. *Cooper Indus., Inc.*, 199 F.3d 1009, 1014 (9th Cir. 1999) ("overall appearance [of a product itself] is not protectable [under Section 43(a)] as trade dress, at least as against a competitor which clearly marks its own product with a distinct name and who uses distinct packaging"); *cf. Duraco Prods., Inc.* v. *Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1446-47 (3d Cir. 1994).

B. In Establishing A National Trademark Code, Congress Did Not Intend To Override The Public's Right To Copy From Expired Patents.

When Congress passed the Lanham Act, it did so against the backdrop of the decades, if not centuries, old understanding—grounded in the Constitution, patent laws, and this Court's own decisions—that the public has the right to copy and use the subject matter of expired patents. It must be presumed that Congress knew of that law. *See Bowen* v. *Massachusetts*, 487 U.S. 879, 896 (1988) ("the well-settled presumption [is] that Congress understands the state of existing law when it legislates"); *Goodyear Atomic Corp.* v. *Miller*, 486 U.S. 174, 184-185 (1988) ("We generally presume that Congress is knowledgeable about existing law pertinent to the legislation it enacts."). In fact, as far as the public's right to copy product configurations that are the subject of expired patents is concerned, there is reason to conclude that Congress specifically intended to incorporate the settled rule of decisions such as *Singer* and *Kellogg*.

One of the "purpose[s] of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection." *Inwood Labs., Inc.* v. *Ives Labs., Inc.*, 456 U.S. 844, 861 n.2 (1982) (White J., concurring in result). As discussed, in *Singer* and *Kellogg* this Court ruled that—under our patent system—unfair competition and trademark protection may not defeat the public's right to copy a product configuration that is the subject of an expired patent. The Court reaffirmed that principle in *Scott Paper* on the eve of the passage of the Lanham Act. *See* 326 U.S. at 256. Those decisions shaped the common law that Congress sought to codify in the Lanham Act and, in particular, defined the outer limit of that law in the case of patented inventions. In codifying that law, the presumption is that Congress sought to bring the *Singer* rule with it. *See* Felix Frankfurter, *Some Reflections on the Reading of Statutes*, 47 Colum. L. Rev. 527, 537 (1947) (when a concept "is obviously transplanted

from another legal source, whether the common law or other legislation, it brings the old soil with it").

Nor is there any indication that in establishing national trademark protection, Congress sought to disrupt the "carefully crafted bargain" underlying the patent system. *Bonito Boats*, 489 U.S. at 150-151. As discussed above, and detailed by the Court in *Bonito Boats*, from the first Congress forward the "federal patent laws" have embodied that bargain and, thus, "create a federal right to 'copy and to use' " the subject of expired patents. *Id.* at 165. Extending federal trade dress protection to product configurations that are the subject of expired patents would deprive the public of the benefit of its bargain and effectively repeal that venerable federal right. Particularly given the absence of any express intent on the part of Congress to achieve that result, the Court should avoid construing the Lanham Act in a manner that would do so, unsettling the foundation of our patent system. *See County of Yakima* v. *Confederated Tribes & Bands of the Yakima Indian Nation*, 502 U.S. 251, 262 (1992) ("[I]t is a 'cardinal rule *** that repeals by implication are not favored.' ") (quotation omitted). *Accord Tennessee Valley Auth.* v. *Hill*, 437 U.S. 153, 189 (1978).

The evidence, in fact, is that Congress has never intended for the Lanham Act to intrude upon the Nation's patent system, or deprive the public of the fruits of that system. Thus, for example, in reporting on the bill that became the Lanham Act, the Senate Committee on Patents sought to defuse concern that the new federal trademark code would result in a collateral form of patent or copyright protection. The Committee wrote that "[t]his bill, as any other proper legislation on trade-marks, has at its object the protection of *trade-marks*, securing to the owner the good will of his business and protecting the public against spurious and falsely marked goods." S. Rep. No. 79-1333, at 3 (1946) (emphasis added). "This can be done," the Committee explained, "without any misgivings and without fear of

fostering hateful monopolies," for—unlike patent law—"no monopoly is involved in trade-mark protection." *Id.*

Consistent with this beginning, this Court itself has admonished that functional—or "useful," *Qualitex*, 514 U.S. at 165—product features are not entitled to trademark protection under Section 43(a). *See Two Pesos*, 505 U.S. at 775. Moreover, Congress recently amended Section 43(a) to provide that in an action for trade dress infringement, the plaintiff "has the burden of proving that the matter sought to be protected is *not* functional," 15 U.S.C. § 1125(a)(3) (emphasis added). As the Committee Report accompanying this amendment explains, "[f]unctional marks should be dealt with under the patent law." H.R. Rep. No. 106-250, at 7 (1999). Indeed, the Report goes on to observe that the amendment seeks to discourage owners of patents that are "about to expire" from attempting to register their invention as "a trademark, which receives protection as long as the owner uses it in commerce." *Id.* Cloaking the subject of an expired utility patent—such as MDI's dual-spring sign stand—with trade dress protection would frustrate Congress' express intent to reserve such protection for marks that are "*not* functional." 15 U.S.C. § 1125(a)(3) (emphasis added).[11]

This interpretation squares perfectly with patent law. A touchstone for utility patent protection is that the invention described in the patent must be "useful" or, at least in a lay sense, functional. 35 U.S.C. § 101. *See* Webster's II New University Dictionary 512 (1994) ("functional" means "[d]esigned for or adapted to a specific function or *use*") (emphasis added); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress*

[11] Similarly, in the legislative history to the 1988 amendments of the Lanham Act, Congress indicated that it only intended Section 43(a) to apply to "nonfunctional configurations of goods." S. Rep. No. 100-515, at 40 (1988).

Protection?, 19 Hastings Comm. & Ent. L.J. 339, 380 n.161 (1997) ("Within the sphere of intellectual property law, the term 'functional' generally refers to shapes or features that have a utilitarian or 'useful' purpose.").[12] And the particular function, or use, to which a utility patented invention is dedicated will constrain the form it may take.

In interpreting the Lanham Act, this Court has always been careful to avoid conferring trademark protection on "useful product features." *Qualitex*, 514 U.S. at 164. *See Two Pesos*, 505 U.S. at 775. As the *Qualitex* Court admonished:

> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity). [514 U.S. at 164-165 (citations omitted).]

Thus, "even if customers have come to identify the special illumination-enhancing shape of a new patented light bulb with a particular manufacturer, the manufacturer may not use that shape as a trademark, for doing so, after the patent has

[12] The literal definition of "functional" squares with the manner in which the "usefulness" requirement has always been interpreted as a matter of patent law. *See, e.g., Besser* v. *Merrilat Culvert Core Co.*, 243 F. 611, 612 (8th Cir. 1917) ("The term 'useful,' as contained in the patent law, when applied to a machine, means that the machine will accomplish the purpose practically when applied in industry. It is to be given a practical and not a speculative meaning. It means that the machine will work and accomplish the purposes set forth in the specifications. * * * This has been the interpretation put upon the term in the patent law from the earliest decisions to the present time.") (citing cases).

expired, would impede competition * * * by frustrating competitors' legitimate efforts to produce an equivalent illumination enhancing bulb." *Id.* at 165. The same goes for the product configuration in the *Kellogg* case. *See id.* (citing *Kellogg* for the proposition that "trademark law cannot be used to extend monopoly over 'pillow' shape of shredded wheat biscuit after the patent for that shape had expired"). Here, MDI seeks to eliminate TrafFix's right to produce an equivalent sign stand to the one claimed in MDI's expired patents and practiced by it during the life of those patents. But trademark law does not extend to the form of that patented device either. *See also Inwood Labs.*, 456 U.S. at 864 ("imitation of a functional feature" is not actionable "under § 43(a)") (White, J., concurring in result).

As explained in Part III *infra*, some lower courts (including the Sixth Circuit below) have construed the concept of functionality so that it is possible for a product or its features to be functional in a literal sense—and, thus, be useful and meet the requirements of utility patent protection—but *not* in a legal sense due to factors extraneous to the product itself, such as the competitive need to imitate it. As a result, as applied by the lower courts, trademark's functionality doctrine has not safeguarded the public's right to copy and use a product configuration that is the subject of an expired patent. Indeed, in many instances—including the decision below—the functionality doctrine has been used to *frustrate* that right. The public's right to copy from expired utility patents should not be subordinated to this judge-made and counter-intuitive concept of "functionality." And nothing in the Lanham Act suggests that Congress intended that result.

Finally, Congress has repeatedly declined to expand protection for "industrial design." *Bonito Boats*, 489 U.S. at 167; *see Leatherman Tool Group*, 199 F.3d at 1012; 35 U.S.C. § 171. After recounting the numerous failed bills in this line, one court observed:

> We believe that courts should exercise restraint so as not to undermine Congress's repeated determinations not to afford virtually perpetual protection to product configurations with an expansive construction of section 43(a). What Congress has, for the great span of this century, been unwilling to do, should not be effected by the judiciary. [*Duraco Prods., Inc.* v. *Joy Plastics Enters., Ltd.*, 40 F.3d at 1447 (citation omitted).]

Affording trade dress protection for a product configuration that is the subject of an expired utility patent—and, thus, plainly utilitarian or functional in nature—would be even more out of step with Congress' reticence.

C. Construing The Lanham Act To Defeat The Public's Right To Copy From Expired Patents Would Raise Grave Constitutional Concerns.

There is an even more powerful force that counsels against construing Section 43(a) of the Lanham Act to reach a product configuration that is the subject of an expired utility patent: the Constitution itself. *See Jones* v. *United States*, 120 S. Ct. 1904, 1911 (2000) (where alternative construction is possible, Court should construe act to avoid constitutional problem); *Edward J. DeBartolo Corp.* v. *Florida Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988). As discussed, the Patent Clause expressly—and quite purposefully—provides that Congress may only grant exclusive rights in discoveries for "limited Times." U.S. Const. art. I, § 8, cl. 8. Thus, "Congress may not create patent monopolies of unlimited duration." *Bonito Boats*, 489 U.S. at 146. Congress may not do so directly by issuing patents of unlimited duration and—as this Court's decisions establish—it may not do so indirectly by cloaking the subject of expired patents with perpetual trademark protection.

In the *Singer* line, this Court repeatedly recognized that extending trademark or unfair competition protection to product configurations that are the subject of expired patents

has precisely this effect, and that this result impermissibly interferes with the "federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leaves in the public domain." *Compco*, 376 U.S. at 237. In *Scott Paper*, moreover, the Court—citing *Singer* and *Kellogg*—declared that a "patentee may not * * * secure, to any extent, a continuation of his monopoly by resorting to trademark law," because "any attempted reservation or continuation in the patentee * * * of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent laws." 326 U.S. at 256 (emphasis added). The same conclusion follows when the "legal device" employed to achieve this result is the law of federal trade dress.

Of course, this Court has also recognized that—short of "substantially restricting the public's ability to exploit ideas that the patent system mandates shall be free for all to use," *Bonito Boats*, 489 U.S. at 167—legislatures may protect against consumer confusion and seek to promote competition by, *inter alia*, requiring producers to label or package their goods in a particular fashion. *See id.* at 165; *Kellogg*, 305 U.S. at 120-121.[13] But especially when a product is the

[13] Similarly, in *Kewanee Oil Co.* v. *Bicron Corp.*, *supra*, the Court held that the patent laws and policies do not preclude trade secret protection for the subject of patents. As the Court recognized, however, the public's right to copy and use information in the public domain is not frustrated by such laws, since, "[b]y definition, a trade secret has not been placed in the public domain." 416 U.S. at 484 (footnote omitted). Moreover, "trade secret law does not forbid the discovery of the trade secret by fair and honest means, *e.g.*, independent creation or reverse engineering." *Id.* at 490. In addition, "[t]rade secret law and patent law have coexisted in this country for over one hundred years." *Id.* at 493. By contrast, this Court has for at least a century emphasized that trademark or unfair competition law must yield to patent law in the case of a product configuration covered by an expired patent. *Cf. Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257, 266 (1979) ("Enforcement of this royalty agreement is even less offensive to federal patent policies than state law protecting trade secrets.").

subject of an expired patent, a legislature may not "prohibit the copying of the *article itself*." *Sears*, 376 U.S. at 232-233 (emphasis added). That would result in the sort of perpetual patent monopoly the Framers expressly sought to preclude. In *Bonito Boats*, the Court reaffirmed this principle when it observed that the statute at issue there, "[i]n essence, * * * prohibit[ed] the entire public from engaging in a form of reverse engineering of a product in the public domain." 489 U.S. at 160. That result impermissibly "restrict[ed] the public's ability to exploit" a product configuration within the public domain. *Id.* at 167.

So too here. Indeed, MDI has attempted to make a great deal out of the fact that "TrafFix imitated the 'WindMaster' configuration by sending it to Korea to be copied or 'reverse engineered,' " Opp. 2, and is essentially suing to prevent its competition from copying its dual-spring sign stand in the same fashion. But, as this Court has observed, and the *Bonito Boats* Court plainly appreciated, reverse engineering is a "*fair and honest* means" of "discovery." *Kewanee Oil*, 416 U.S. at 476 (emphasis added). What is more, it often leads to "significant advances in technology." *Bonito Boats*, 489 U.S. at 160. This case proves the point. After reengineering MDI's sign stand, TrafFix made—and patented—significant improvements to that sign stand. *See supra* at 6. The Framers appreciated the virtues of such imitation and, thus, sought to guarantee a patent system in which it would be allowed and indeed encouraged. These virtues have not been lost upon this Court. *See Bonito Boats*, 489 U.S. at 146 ("[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy.").

Despite all this, MDI argues that the *Singer* line can be explained away on the ground that "none of the Court's opinions confronted the federal patent law vis-à-vis the federal trademark law." Opp. 6. This distinction does not withstand scrutiny. As Judge Cudahy put it, "[t]he *conflict* posed by the[] state laws [in the *Singer* line] and the Lanham Act remains the same: whether trademark can be used as a back door to protection properly acquired by a * * * patent." *Kohler Co.* v. *Moen Inc.*, 12 F.3d 632, 647 (7th Cir. 1993) (dissenting) (emphasis in original). The Court has repeatedly answered that question in the negative. *See* Part I.B, *supra*; *see also I.P. Lund Trading ApS* v. *Kohler Co.*, 163 F.3d 27, 53 (1st Cir. 1998) ("Giving patent-like protection a new name does not avoid constitutional limitations.") (Boudin, J., concurring) (citing *Bonito Boats*, 489 U.S. at 146). That conclusion cannot depend on whether state or federal trademark law is invoked to achieve such "back door" protection.

Congress is no more free to use trademark law as a means of extending the patent monopoly than are the States. The Lanham Act is a product of Congress' Commerce Clause authority, not its patent power. While potent, the Commerce Clause does not empower Congress to override the express limits in other parts of the Constitution. *See* U.S. Const. art. I, § 8, cl. 3; *College Sav. Bank* v. *Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219, 2224 (1999); *see also Gibbons* v. *Ogden*, 22 U.S. (9 Wheat) 1, 196 (1824) (Commerce Clause "power, like all others vested in Congress, is complete in itself, may be exercised to its utmost extent, and acknowledges no limitations, *other than are prescribed in the Constitution*.") (Marshall, C.J.) (emphasis added); *North American Co.* v. *SEC*, 327 U.S. 686, 704-705 (1946) (Commerce Clause power "is limited by express provisions in other parts of the Constitution"). Thus, in establishing trade dress protection under Section 43(a), the Commerce Clause does not empower Congress to establish what are, in essence, patent monopolies of unlimited times.

Of course, as explained, the evidence is that in conferring federal trademark protection, Congress has specifically sought to avoid this result. That is all the more reason for this Court to avoid construing the Lanham Act in a manner that would create this constitutional conflict.

III. THE PUBLIC'S RIGHT TO COPY FROM EXPIRED PATENTS SHOULD NOT BE SUBORDINATED TO A FACTBOUND, "COMPETITIVE NEED" INQUIRY.

Some lower courts—including the Sixth Circuit below—have relegated the public's right to copy a product configuration that is the subject of an expired patent to a finding of "competitive necessity." Pet. App. 20a.[14] This is done under the guise of "functionality": "[i]f competitors need to be able to use a particular configuration in order to make an equally competitive product, it is [deemed] functional, but if they do not, it may be nonfunctional." *Vornado Air Circulation Sys., Inc.* v. *Duracraft Corp.*, 58 F.3d at 1507. "[U]sefulness in the patent context does not equal functionality in the trademark context"; instead, functionality turns solely on "competitive need." *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 608 (N.D. Ill. 1996). *See* Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779, 781, 801-802 (1998). Under this regime, every patented device potentially qualifies for trade dress protec-

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[14] According to the Sixth Circuit: "The appropriate question is whether the particular product configuration is a competitive necessity. If it affects the cost or the quality or the objective (non-reputational) desirability of competitors' products negatively enough, then the trade dress element may be deemed legally functional." Pet. App. 20a. *See also, e.g., Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.3d 277, 297 (7th Cir.) ("to be functional in the trade dress sense, the feature must be necessary to afford a competitor the means to compete effectively") (quotation omitted), *cert. denied*, 525 U.S. 929 (1998).

tion, and the same device "can switch back and forth between being functional and nonfunctional with the vagaries of the marketplace." *Vornado*, 58 F.3d at 1510 n.20.

The public's constitutionally-based right to copy from expired patents should not be subordinated to this indeterminate, judge-made inquiry. The functionality doctrine was developed by courts to *prevent* trademark law from intruding on the "province of patent law." *Qualitex*, 514 U.S. at 164. Invoking the doctrine to defeat one of the key features of patent law—the public's right to copy from expired patents—turns that purpose on its head. More to the point, it results in the very constitutional problem discussed in the preceding section: perpetual rights in useful arts. Nothing in the Constitution, this Court's decisions, or the history of our patent system suggests that the patent monopoly may be indefinitely extended for a product, or that the public's right to copy from expired patents may be frustrated, simply because of a judicial finding that there is no "competitive need" for the public to enjoy the fruits of a particular discovery, at a particular point in time, in a particular market.

Quite the contrary. For at least a century, this Court has treated the expiration of the patent as determinative of the public's "right to make the thing formerly covered by the patent." *Singer*, 163 U.S. at 185. *See Bonito Boats*, 489 U.S. at 151 ("upon expiration of [a patent], the knowledge of the invention inures to the people, who are thus enabled *without restriction* to practice it and profit by its use") (quotation omitted; emphasis added). If anything, the Framers—and above all Jefferson—were only more resolute when it came to ensuring that the public would be able to benefit from discoveries as soon as their limited patent protection lapsed. *See supra* at 13-14. And thus, in crafting our Constitution, the Framers sought to ensure that "exclusive Right[s]" in discoveries—whether dressed in patent, trademark, or some other terms—would be available only for "limited Times." U.S. Const. art. I, § 8, cl. 8. Not for potentially *unlimited*

times, depending on a judicial finding of a purported lack of competitive need to copy and use a particular discovery.

Nothing in this Court's trademark decisions support equating functionality solely with competitive need. Instead, the Court has said that the purpose of the "functionality doctrine" is to prevent trademark law from "allowing a producer to control a *useful* product feature." *Qualitex*, 514 U.S. at 164 (emphasis added). By definition, a product that is the subject of a utility patent is just that—"useful." 35 U.S.C. § 101. Similarly, the Court has stated that "a product feature is functional, and cannot serve as a trademark, if it is essential to the *use or purpose* of the article *or* if it affects the cost or quality of the article, that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs.*, 456 U.S. at 850 n.10; emphases added). As a practical matter, a product feature will not qualify for utility patent protection unless it is "essential to the use and purpose of the article." *Id.*; *see supra* at 31 & n.12.[15]

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[15] The disjunctive used by the *Qualitex* Court squares with how commentators have characterized the functionality doctrine. For example, according to Professor McCarthy, "there are two rationales underlying the functionality bar: (1) accommodation to the principle that there is only one legal source of exclusive rights in utilitarian features—utility patent law; and (2) preserving free and effective competition by ensuring that competitors can copy features that they need to 'compete effectively.' " 1 McCarthy, *supra*, § 7:68, at 7-147. Both definitions are "relevant and useful in determining whether the policies of free competition dictate that a given feature should be a candidate for the right to exclude that is given by trade dress law." *Id.* at 7-148. In product configuration trade dress cases, however, courts have erred by focusing only on the second rationale. A product configuration that is the subject of "an engineering-driven utilitarian design" disclosed in a "utility patent" meets the first definition and, thus, is functional in the trademark sense, without regard to whether it also satisfies the second definition. *Id.* at 7-150. The spiral fan at issue in the Tenth

At the same time, this Court has never applied the functionality doctrine to defeat the public's right to copy from an expired patent. Instead, it has invoked the doctrine to determine whether unpatented or unpatentable features—*e.g.*, color (*Qualitex*)—qualify for trademark protection. *Cf. Inwood Labs.*, 456 U.S. at 857-858 n.20 (discussing "functionality" of drug "capsule colors"). Whatever the virtues of applying the functionality doctrine to such unpatented or unpatentable product features, it should not be invoked to extend trademark protection to a product configuration that has qualified for and enjoyed utility patent protection. As the *Qualitex* Court itself admonished: "It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. § § 154, 173, *after which competitors are free to use the innovation.*" 514 U.S. at 164 (emphasis added). The *Qualitex* Court's parenthetical citation to the *Kellogg* case and its light bulb example only reinforce that conclusion. *See id.* at 165.

There are compelling practical reasons for not subjecting the public's right to copy to a competitive-need based, "functionality" test. This inquiry is multi-faceted, highly factbound, and, thus, scarcely amenable to summary disposition. *See Kohler Co.* v. *Moen Inc.*, 12 F.3d at 649 ("The line between nonfunctional and functional [under this approach] is difficult to draw and an obvious source of litigation.") (Cudahy, J., dissenting); 1 McCarthy, *supra*, § 7:73, at 7-166.1 ("Each case of alleged functionality will present a unique set of facts not easily disposed of either by sweeping generalities or precise legal rules."); Mohr, *supra*, at 386-387 n.186 (commentators have "criticized this focus on competi-

---

Circuit *Vornado* case meets this utilitarian definition, as does the "new patented light bulb" discussed by this Court in *Qualitex*. *See id.* at 7-150; *id.* § 7:69, at 7-152 n.3. The same goes for the patented dual-spring sign stand at issue here.

tive effect as largely unworkable").[16] As this case illustrates, moreover, "competitive need" is often in the eye of the beholder. The District Court below found that cloaking MDI's sign stand with trade dress protection would hinder competition, *see* Pet. App. 53a-55a, 65a, whereas the Court of Appeals had a different take, *see id.* 20a-21a. On remand, a jury likely would have the final say, but only after "the gathering of substantial amounts of data and the expensive testimony of experts." Mohr, *supra*, at 426.[17]

This inquiry, in short, is a recipe for uncertainty, litigation, and, just as potent, the plausible threat of litigation. *See Grubart* v. *Great Lakes Dredge & Dock Co.*, 513 U.S. 527, 547 (1995) ("the open-ended rough-and-tumble of factors * * * invites complex argument in a trial court and a virtually inevitable appeal"). As one commentator has explained, under this approach, "a patentee's competitors have good

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[16] While arguing for application of this broader concept of functionality, the International Trademark Association recognizes that this inquiry is "complex[]," turns on "application of various multi-factored tests," is subject to "no universal standard," and requires consideration of factors such as "advertising," "economies of manufacture," and even "the plaintiff's intent." ITA Br. 16-17. That is hardly a workable standard, if a "standard" at all.

[17] In conducting this "functionality" inquiry, the lower courts have ascribed different weights to the fact that the product configuration at issue is the subject of an expired utility patent, ranging from great weight, *e.g.*, *Disc Golf Ass'n* v. *Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); to some weight, *e.g.*, *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.3d at 289; to *no* weight, *e.g.*, Pet. App. 19a (District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patent) (emphasis added). While a "great weight" approach is more defensible than a "no weight" approach, the public's right to copy from expired patents should not be reduced to a multi-factored inquiry in which the touchstone is competitive need and the existence of an expired patent is just a factor in the mix.

reason to doubt whether they are entitled to reproduce a formerly patented invention as it is disclosed in the specifications of a utility patent. Currently, before replicating configurations disclosed in expired utility patents, competitors must consult with the 'vagaries of the marketplace' to ascertain whether the configuration is functional" and, thus, subject to imitation. Geremia, *supra*, at 816 (quoting *Vornado*, 58 F.3d at 1510 n.20). After doing so, in most cases competitors, even with the assistance of legal counsel, would only be able to hazard a *guess* as to whether copying a product configuration covered by an expired patent would subject them to liability under the Lanham Act. Moreover, it would be impossible to rule out costly litigation resulting from competitors seeking to prolong their patent monopolies under the law of federal trade dress.

The Court has recently acknowledged the stifling effect on competition of such a litigation petri dish. *See Wal-Mart Stores*, 120 S. Ct. at 1345 ("Competition is deterred * * * not merely by successful suit but by the plausible threat of successful suit."). The effect here is particular unsettling, for "imitation and refinement through imitation" is "the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. *See Moen Inc.*, 12 F.3d at 651 ("The right to copy * * * is absolutely essential to the successful long-term operation of a free and competitive economy.") (Cudahy, J., dissenting). Indeed, recognizing trade dress protection for the subject of expired utility patents—contingent on the outcome of a factbound, competitive-need test—would be like unleashing "a loose canon on the decks of the good ship 'Free Competition.'" J. Thomas McCarthy, *Lanham Act § 43(a): The Sleeping Giant Is Now Wide Awake*, 59 Law & Contemp. Probs. 45, 64 (1996).[18]

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[18] *See also Thomas & Betts Corp.* v. *Panduit Corp.*, 935 F. Supp. 1399, 1408-09 (N.D. Ill. 1996) ("If a prospective competitor must face the threat of Lanham Act litigation for 'slavishly copying' the invention, * * * [c]ompetitors would be hesitant to take advantage of inventions coming off patent for fear that the holders of the expired utility patent will argue, as they do here, that their product has gained secondary meaning and is protected by the Lanham Act."), *rev'd*, 138 F.3d 277 (7th Cir. 1998).

Competition is not all that will suffer. By discouraging imitation of patented inventions, the "plausible threat of successful suit" (*Wal-Mart Stores*, 120 S. Ct. at 1345) will stagnate the progress of useful arts. As Justice Story observed long ago, the "best" way to promote the useful arts is "by giving the public at large a right to make, construct, use, and vend the thing invented, at as early a period as possible." *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) at 19. This belief—embodied in the Patent Clause—has not fallen out of favor. *See Bonito Boats*, 489 U.S. at 146 ("refinement through imitation" is "necessary to invention"); *id.* at 160 ("Reverse engineering of * * * mechanical articles in the public domain often leads to significant advances in technology."). In this regard, the march of scientific and technological advancement in this country is perhaps the greatest reason of all for not tinkering with the system that our Constitution, patent laws, and this Court's own precedents establish and so carefully guard.

All this counsels in favor of adopting a clear, predictable rule—and this Court already has done so: "after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats*, 489 U.S. at 152. As cases such as *Singer* and *Kellogg* establish, that "subject matter" includes "the form in which [the device] was constructed during the patent." *Singer*, 163 U.S. at 185. It also includes the invention described or claimed in the patent. This redirects the focus from the indeterminate concept of competitive need to the patent itself. The patent system "provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design." *Bonito Boats*, 489 U.S.

at 162. Indeed, its disclosure requirements are specifically designed to ensure that the public is apprised of the scope of the patent. *See Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996) ("It has long been understood that a patent must describe the exact scope of an invention and its manufacture to secure to [the patentee] all to which he is entitled, [and] to apprise the public of what is still open to them.") (citation omitted); *supra* at 16.[19]

This approach is a far more desirable—not to mention constitutionally grounded and time tested—means of protecting the patent bargain and the public's right to copy from expired patents. At the same time, Congress has other means to protect against consumer confusion caused by the similarity in goods. For example, it may require producers to identify their products with "trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of goods." *Sears*, 376 U.S. at 232. *Cf. Versa Prods. Co.* v. *Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 203 (3d Cir.) ("clarity of labeling in packaging and advertising will suffice to preclude almost all possibility of consumer confusion as to source stemming from the product's configuration"), *cert. denied*, 516 U.S. 808 (1995). This is the conventional stuff of trademark law, far removed from the recently minted concept of "product configuration trade dress" in the subject of expired utility patents.

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[19] Patent law also polices the designation of goods as patent protected. *See* 35 U.S.C. § 292. In this regard, a producer such as MDI that labels its product as covered by a patent during the life of the patent should hardly be permitted to take a contrary position—for trade dress purposes—once the patent expires. The same goes for any representations made to the PTO in order to obtain patent protection in the first place. *See* Pet. App. 49a.

CONCLUSION

For the foregoing reasons, the judgment below should be reversed.

Respectfully submitted,

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APPENDIX

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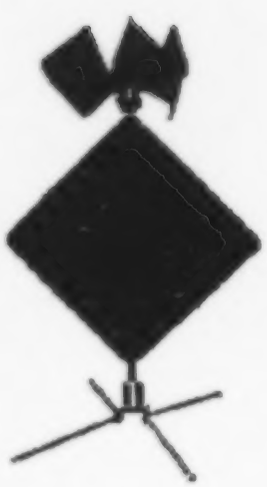
DUAL-SPRING TRAFFIC SIGN STANDS



MDI

TrafFix

Winn-Proof

[Reply Br. for Appellant Cross-Appellee, 6th Cir. Nos. 97-1148, 2096, 2097, at 21.]

STATUTORY ADDENDUM

15 U.S.C. § 1125 provides in part:

§ 1125. False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this chapter in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

35 U.S.C. § 101 provides:

§ 101. Inventions patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 102 provides:

§ 102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c)

of this title before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g)(1) during the course of an interference (conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. § 103 provides in part:

§ 103. Conditions for patentability; non-obvious subject matter

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

* * *

(c) Patentability shall not be negatived by the manner in which the invention was made. Subject matter developed by another person, which qualifies as prior art only under one or more of subsections (e), (f), and (g) of section 102 of this title, shall not preclude patentability under this section where the subject matter and the claimed invention were, at the time

the invention was made, owned by the same person or subject to an obligation of assignment to the same person.

35 U.S.C. § 112 provides in part:

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

35 U.S.C. § 154 provides in part:

§ 154. Contents and term of patent

(a) In general.—

(1) Contents.—Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States, and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the United States, or importing into the United States, products made by that process, referring to the specification for the particulars thereof.

(2) Term.—Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States or, if the application contains a specific reference to an earlier filed application or applications under section 120,

121, or 365(c) of this title, from the date on which the earliest such application was filed.

(3) Priority.—Priority under section 119, 365(a), or 365(b) of this title shall not be taken into account in determining the term of a patent.

(4) Specification and drawing.—A copy of the specification and drawing shall be annexed to the patent and be a part of such patent.

35 U.S.C. § 171 provides:

§ 171. Patents for designs

Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

The provisions of this title relating to patents for inventions shall apply to patents for designs, except as otherwise provided.

Supreme Court, U.S.
FILED
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No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INC.,

Petitioner,

v.

MARKETING DISPLAYS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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STATEMENT PURSUANT TO RULE 29.6

Respondent, Marketing Displays, Inc., has no parent corporation and no publicly held company owns 10% or more of its stock.

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INTRODUCTION

The existence of an expired patent should not exonerate calculated acts of deception. TrafFix's *per se* rule would frustrate the purposes of the Lanham Act by extending the "right to copy" to abolish otherwise protectable product designs at the risk of confusing or misleading consumers. The right to copy the subject matter of an expired patent is not absolute. It has always and consistently yielded to "other federal statutory protection" or compelling interests. *Compco Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964); *Patterson v. Kentucky*, 97 U.S. 501, 505 (1878). If MDI's patents had never existed, neither would have TrafFix's after-the-fact justification for its acts.

Distinctive, nonfunctional trade dress is protectable. *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 169 (1995). There is no Constitutional, statutory, or overriding policy requirement that *per se* forecloses federal trade dress protection for subject matter disclosed or claimed in an expired patent. Quite simply, the "law of unfair competition . . . [is] consistent with the balance stuck by the patent laws." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 166 (1989).

Further, the prohibitive rule urged by TrafFix would not simplify trade dress law, but instead make it more complex and difficult to administer. The proposed "clear and predictable" rule would turn trade dress cases into patent cases requiring claim interpretation as a prerequisite in determining the availability of trade dress protection. Under TrafFix's absolute rule, innovation, investment and patent disclosures could be limited — to the detriment of both intellectual property owners and the public. A proposed rule that conditions trade dress protection on the disclosure of a patent, creates an unintended relationship between the patent and trademark laws that is not dictated by law or policy.

COUNTER STATEMENT OF THE CASE

Petitioner, TrafFix Devices, Inc.'s ("TrafFix"), statement of the case omits details which are important for a full consideration by this Court. Accordingly, Respondent, Marketing Displays, Inc. ("MDI"), offers the following Counter Statement.

For nearly twenty-five years prior to TrafFix's entry into the market, MDI had successfully marketed and sold throughout the United States a spring mounted, wind-resistant sign stand under the name "WindMaster." (Pet. App. 2a, 26a, 69a-70a.) MDI began using "WindMaster" as a trademark in the late 1960s and secured a Federal Trademark Registration for the mark in 1977 (Registration No. 1,068,875). (J.A. 46.) That registration is now incontestable. *See* 15 U.S.C. § 1065. MDI began selling the "WindMaster" sign stands in the late 1960s. For many years the only "WindMaster" sign stand sold was a "business-type" product that had a significantly different "look" from the "traffic-type" "WindMaster" sign stand trade dress at issue in this case. It was not until about 1976 that MDI first introduced its "traffic-type" "WindMaster" sign stand.

A. The MDI Patent Litigation: *Sarkisian v. Winn-Proof Corp.*

In 1972, MDI secured two patents on various features of its business-type "WindMaster" sign stands. These are U.S. Patent Nos. 3,646,696 and 3,662,482.[1] (L41, 45.) The key aspects of the '696 patent, as defined by its claims, are as follows:

1) Generally parallel "ground engaging members" (to provide a stable base);

1. Copies of the drawings from the two MDI patents are included in the Lodging Appendix to this Brief. (Resp. L. App. Tabs 1-2.)

2) Spaced apart coil springs (to prevent twisting of the sign frame);

3) An upstanding frame-type sign structure (to hold large advertisements); and

4) An initial compression between the coils of the springs (in order to prevent the sign from fluttering in light winds).

The '482 patent was a continuation-in-part of the '696 patent, and had the following key features recited in the claims:

1) A geometric relationship — defined mathematically in the claims as $W_f(Da\text{-}Db)<W_bD_b$ — between the center of gravity of the sign and the length of the legs which allowed the frame structure to bend over in high winds without the sign stand tipping over or sliding along the ground; and

2) "Spring means" connected at two spaced apart locations.

After a lengthy and expensive court proceeding through trial and appeal, a sign stand having a similar appearance to the "WindMaster" traffic-type sign stand at issue herein was found to infringe both the '696 and '482 patents under the Doctrine of Equivalents.[2] The infringing sign stands had initial compression between the coils of the coil springs as required by the '696 patent, and met the geometric relationship and spaced-apart springs requirements of the '482 patent. The "look" of the accused products was not at issue. Indeed, the appearance and structure of the Winn-Proof sign stands were completely different than the "business-type" sign stands depicted and described in the patents.

2. *See Sarkisian v. Winn-Proof Corp.*, 203 U.S.P.Q. 60 (D. Or. 1978), *aff'd in part, rev'd in part*, 697 F.2d 1313 (9th Cir. 1983).

In the *Winn-Proof* case, the Court of Appeals for the Ninth Circuit upheld the District Court's finding of infringement under the Doctrine of Equivalents and found that the MDI invention was "unusual and surprising." *Winn-Proof*, 697 F.2d at 1318, 1320. The Court of Appeals particularly noted that if a sign stand satisfied the geometric formula and relationship set forth in the '482 patent, the base itself could be "virtually weightless" — that is, the sign did not have to rely upon the weight of the base for stability in high winds as previous sign stands required. *Id.*

B. The Unfair Competition Case: *MDI v. TrafFix*

TrafFix's unfair competitive acts were the impetus for the present lawsuit. TrafFix's founder, Jack Kulp, was a former "WindMaster" distributor and was admittedly aware that the "WindMaster" trademark and trade dress were well received in the industry. (Pet. App. 11a, 70a.) Mr. Kulp was also aware of the substantial commercial success enjoyed by the "WindMaster" mark and sign stands. *Id.* TrafFix decided to copy the appearance of MDI's "WindMaster" sign stand by sending one to Korea for duplication.[3] (Pet. App. 3a, 27a, 70a.) In furtherance of its copying objective, TrafFix then marketed its identical looking sign stand under the infringing name "WindBuster" to the same customers and through the same channels of trade. These actions caused widespread confusion in the marketplace and threatened MDI's investment and sales. (Pet. App. 81a-82a.)

The specific trade dress here at issue is not shown or described in either of the two MDI patents which were the subject of the *Winn-Proof* litigation. Indeed, MDI's sign stands themselves were not at issue in the *Winn-Proof* litigation.

3. For the Court's convenience, brochures illustrating MDI's and TrafFix's products are included in the Lodging Appendix to this Brief. (Resp. L. App. Tabs 3-4.)

In this case, MDI's "WindMaster" trade dress is a combination of several different features:[4]

1) A narrow base;

2) Four legs in an X-shape configuration;

3) Two closely spaced coil springs;

4) A single upright, for holding a sign; and

5) A traffic-type sign. (Pet. App. 29a.)

Every other competitor in the industry — except for TrafFix — developed their own innovative sign stands which had different structures and appearances, and yet which performed equivalently in high winds. Some of these sign stands also were less expensive than MDI's. These competitors included Dickie Tool Co., Eastern Metals of Elmiria, Sign-Up Corp., Korman Signs, Work Area Protection, and Services & Materials. (Pet. App. 86a-87a; L38-39.) The competitors' sign stands utilized unique single spring designs or other resilient mechanisms to achieve similar utility to MDI's "WindMaster" sign stand. None of the competitors copied MDI's trade dress, however, or otherwise tried to "pass off" their goods by using a confusingly similar trademark.[5]

To protect its interests, MDI filed suit in the United States District Court alleging trademark and trade dress infringement under the Lanham Act, and related acts of unfair competition.

4. Courts must view the asserted trade dress as a whole, not as a collection of individual features. *Mana Prods., Inc. v. Columbia Cosmetics Mfg.*, 65 F.3d 1063, 1069 (2d Cir. 1995). *See* the MDI brochure. (Resp. L. App. Tab 3.)

5. Eastern Metals of Elmira does make one sign stand model which infringes MDI's trade dress, but does so under license from MDI which inures to MDI's benefit. (J.A. 89.)

(J.A. 23.) The Sixth Circuit Court of Appeals affirmed the District Court's finding of trademark infringement and the dismissal of TrafFix's anti-trust counterclaim. (Pet. App. 1a.) The Appellate Court also reversed the District Court's dismissal of MDI's trade dress claim. The only issue before this Court is the propriety of MDI's trade dress infringement claim.

Several findings of the District Court in this case, as affirmed by the Court of Appeals for the Sixth Circuit relative to TrafFix's actions and the facts of this case, are noteworthy:

- The "WindMaster" trademark was a "strong" mark, having widespread promotion and recognition, having been used for over 20 years, and having associated sign stand sales of over $28 million; (Pet. App. 78a-79a.)

- TrafFix's "WindBuster" product was "virtually identical" to the "WindMaster" product and TrafFix's argument that the two sign stands were different was found to be "not credible"; (Pet. App. 79a-80a.)

- A "clear likelihood of confusion" existed between the "WindMaster" and "WindBuster" marks; (Pet. App. 84a) and

- TrafFix admitted that there were several competitors who marketed sign stands in direct competition with both TrafFix and MDI, and that none of the competitors' sign stands had a similar spring mechanism or appearance. (Pet. App. 86a-87a.)

Several statements by the Court of Appeals for the Sixth Circuit are also noteworthy:

- Some actual confusion in the marketplace existed between the MDI and TrafFix sign stands; (Pet. App. 8a-10a.)

- TrafFix's explanation of how the "WindBuster" mark was selected "strained credulity"; (Pet. App. 11a.)

- There was "some evidence" suggesting that TrafFix misled its attorney who rendered an opinion indicating the name "WindBuster" could be used; (Pet. App. 11a.) and

- Considering the sign stand as a whole, and not just the dual-spring configuration, a reasonable juror could conclude that the "WindMaster" sign stand has obtained secondary meaning in the marketplace. (Pet. App. 16a.)

SUMMARY OF THE ARGUMENT

TrafFix's position on the issue before this Court is contrary to the weight of authority and the expressions of Congress. TrafFix's arguments rest in large part on broad statements from older Supreme Court opinions which have not been followed to the extent asserted, and have even been distinguished. TrafFix's assertion that the patent laws trump the trademark laws is contrary to decisions in four of the five Circuit Courts of Appeal which have ruled on the issue, including the Federal Circuit. *See Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999). TrafFix's position on the competitive-need test for legal functionality is likewise contrary to the unanimous decision by this Court in *Qualitex*, 514 U.S. 159, as well as the decisions from numerous Courts of Appeal. It is also contrary to the intent of Congress as evidenced by the legislative history of the Lanham Act. Finally, TrafFix's views on trademark/trade dress policies and law vs. patent policies and law cuts against the clear trend and standards set forth in Supreme Court decisions over the last two decades. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *Qualitex*, 514 U.S. 159; *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339

(2000); *Bonito Boats*, 489 U.S. 141; *Park 'n Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189 (1985); *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844 (1982).

Trademark and trade dress rights are part of the laws of unfair competition and are codified on the Federal level in Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Trade dress rights protect distinctive, nonfunctional source identifiers. Patent rights protect inventions and stimulate innovation. These rights do not conflict in any way. Both the patent laws and Federal trademark and unfair competition laws are constitutionally grounded, and have coexisted for centuries without conflict since each has different policies and purposes, and each protects different rights and has different remedies.

Trademark and trade dress rights are not "monopolies." Enforcing trade dress rights in a product, which is either depicted, described or claimed in an expired patent will not "perpetuate" or "extend" the patent grant in any way. TrafFix is not prohibited from fairly competing against MDI's sign stands in the marketplace, and MDI is not insulated from competition if MDI's trade dress is upheld in this case.

TrafFix unquestionably attempted to trade on MDI's goodwill by infringing its "WindMaster" trademark and copying its sign stand. Rather than develop its own unique sign stand as all other competitors have done, TrafFix thought it would simply take advantage of the tremendous goodwill and commercial success enjoyed by MDI's sign stand. Now TrafFix attempts to justify its acts with the weak excuse that it was only copying MDI's expired patents. The existence of MDI's expired patents is irrelevant in this case, however, and cannot be used to excuse TrafFix's actions. TrafFix would not have been able to copy MDI's trade dress if the patents had never existed. The existence of the expired patents does not extinguish otherwise protectable trade dress rights. Such an excuse, if adopted, would result in grave consequences for producers and consumers who rely on

source identifiers, such as trademarks and trade dress, to distinguish between competitive products.

The requirements of acquired distinctiveness, nonfunctionality, and likelihood of confusion prevent trade dress rights from conflicting with patent rights. Ordinary or commonplace trade dress necessarily lacks distinctiveness, thereby precluding patent-like protection. Even if distinctive, however, trade dress is functional and not protectable if competitors need to use the asserted trade dress in order to effectively compete in the marketplace. *Qualitex*, 514 U.S. at 169-70. Finally, the standards of trade dress infringement and the remedies available provide fertile grounds for avoiding patent-like protection.

The "right to copy" cannot be expanded to eviscerate distinctive, nonfunctional source identifiers. It is not an absolute right. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896) and its progeny make it clear that the right to copy is subject to other rights in the form of trademarks, trade dress, and trade secrets, and other compelling interests, such as state police powers. No legal authority supports TrafFix's sought-after absolute right to copy anything that has entered the public domain via patent disclosure.

Not only is a *per se* rule legally unwarranted and logically unjustified, it would have calamitous effects on trade dress owners, litigants and the law of trade dress. Trade dress rights in existing product shapes could be lost due to their reference in a patent. Moreover, litigants attempting to enforce trade dress rights would have to defeat numerous challenges based on the asserted scope of claims in expired patents. Every defendant in a trade dress case would scour the patent universe to find a drawing, description or claim, which arguably covers the asserted trade dress. Trade dress actions would turn into diversionary patent actions and courts would be required to construe patents and patent claims.

In sum, TrafFix's position is supported only by a skewed view of policy, rather than the realities of reason, case law and the marketplace. The judgment below should be affirmed.

ARGUMENT

I. THE LAWS OF UNFAIR COMPETITION DO NOT CONFLICT WITH THE PATENT LAWS AS EACH PROTECTS DIFFERENT RIGHTS

A. The Two Bodies Of Law Have Coexisted For Over Two Centuries

The law of unfair competition has "coexisted with federal patent protection for almost 200 years, and Congress has given no indication that [its] operation is inconsistent with the operation of federal patent laws." *Bonito Boats*, 489 U.S. at 166. "Indeed, there are affirmative indications from Congress that both the law of unfair competition and trade secret protection are consistent with the balance struck by the patent laws." *Id.* Understanding that the "copyright, patent, and trademark laws stem from different concepts and offer different kinds of protection, which are not mutually exclusive," alleviates the exaggerated perception of a conflict, and provides the principal means by which courts can insure the integrity of both bodies of law. *Application of Penthouse Int'l Ltd.*, 565 F.2d 679, 683 n.3 (C.C.P.A. 1977). In each case demonstrating such an understanding, the "courts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one statutory means for protection of intellectual property."[6] *Kohler Co. v. Moen, Inc.*, 12 F.3d 632,

6. *See, e.g., Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), where state protection of trade secrets was held not to frustrate the objectives of the federal patent law. The "nature and degree" of state protection "did not conflict" with the federal policies of encouragement of patentable invention and the prompt disclosure (Cont'd)

638 (7th Cir. 1993). In particular, numerous courts have held "that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is or has been, the subject of a patent."[7] *Midwest*, 175 F.3d at 1364.

In fact, all of the various intellectual property rights, including patents, copyrights, trademarks, trade dress and trade secrets, can exist concurrently in the same product without trespassing on each other. In a computer, for example, patent protection can be secured on a hardware component (such as a disc drive), copyright protection can be secured on the software source code, trademark rights can be secured on the names of the products and components, trade dress rights can be secured on its external shape (e.g., Apple's new "iMac" computer), and trade secret rights can exist in the manufacture of the microprocessor or hardware component. The fact that a patent application for the hardware component mentions the source code, describes the method of operation, discloses the name of the product or components, or depicts the external shape and design of the computer and/or components, should not negate any of these other rights.

(Cont'd)
of such innovations. *See also Inwood Labs.*, 456 U.S. 844, where § 43(a) was held to prohibit a broad range of practices, including unfair competition.

7. The Federal Circuit supported its statement with the following case citations: *Pebble Beach Co. v. Tour 18, Ltd.*, 155 F.3d 526, 548, 549 n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89 (7th Cir.), *cert. denied*, 525 U.S. 929 (1998); *Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1214-15 (8th Cir. 1976); and *Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-07 (9th Cir. 1974).

The harmonious balance between trade dress rights and patent law is not upset in this case, and a careful examination of the purposes, rights and remedies associated with each body of law reveals that MDI's expired patent rights do not, *per se*, foreclose trade dress rights in its "WindMaster" traffic-type sign stands.

B. Both The Patent Laws And Unfair Competition Laws Are Constitutionally Grounded

The genesis of patent law is embodied in the Constitution wherein the framers declared that "[t]he Congress shall have the power . . . [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. Prior to the first Patent Act, however,

> [t]he right to adopt and use a symbol or device to distinguish the goods or property made or sold by the person whose mark it is, to the exclusion of the use of that symbol by all other persons, [had] long been recognized by the common law and the chancery courts of England and of this country, and by the statutes of some of the states.

United States v. Steffens (The Trade-Mark Cases), 100 U.S. 82, 92 (1879). "The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting *consumers* from confusion as to source." *Bonito Boats*, 489 U.S. at 157 (emphasis in original). Acting under the authority of the Commerce Clause, U.S. Const. art. I, § 8, cl. 3, Congress, over 50 years ago, passed the Lanham Act, 15 U.S.C. § 1051 *et seq.*, "to codify and unify the common law of unfair competition and trademark protection." *Inwood Labs.*, 456 U.S. at 861 n.2 (J. White concurring); *see also Two Pesos*, 505 U.S. at 777-84 (J. Stevens concurring), and 785-87 (J. Thomas concurring).

Trademark and trade dress laws are within the umbrella of unfair competition laws codified in the Lanham Act. *Two Pesos*, 505 U.S. at 768.

Since, both patent law and the law of unfair competition are federal laws authorized by the Constitution, it is assumed that they are "capable of coexistence, [and] it is the duty of the courts, absent a clearly expressed congressional intention to the contrary, to regard each as effective." *Morton v. Mancari*, 417 U.S. 535, 551 (1974). In other words, "federal trademark protection cannot be preempted by patent law." *Thomas & Betts*, 138 F.3d at 285. Thus, contrary to the dissenting comments relied upon by TrafFix, the existence of the constitutionally grounded patent laws and trade dress laws do not preclude trade dress rights in this case.

C. The Policies And Purposes Of Each Body Of Law Are Significantly Different

The purposes served by trade dress law are broader and different than the purposes of patent law, yet both trade dress law and patent policy seek the same end — robust and fair competition. First, the Lanham Act serves to foster competition by "protect[ing] the ability of consumers to distinguish among competing producers." *Park 'N Fly*, 469 U.S. at 198; *Two Pesos*, 505 U.S. at 774. Second, the Lanham Act serves to avoid confusion among consumers as to the source or origin of goods and services.[8] The Lanham Act also encourages "the maintenance of quality by securing to the producer the

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8. *See* 15 U.S.C. § 1127 (the statute "make[s] actionable the deceptive and misleading use of marks in . . . commerce" and "prevent[s] fraud and deception in . . . commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks."); S. Rep. No. 100-515 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5580 (Lanham Act allows consumers to "identify brands they prefer and [to] purchase those brands without being confused or misled.")

benefits of a good reputation." *Id.* In this regard, the protection of trademarks and trade dress protects the investment made by the owner, creates incentives for continued investment and product improvement by the owner, and benefits the public by encouraging competitors to develop alternative, improved, and less expensive products. *See Kohler*, 12 F.3d at 643-44. Finally, the Lanham Act, maintains healthy competition by "protect[ing] persons engaged in [federally regulated] commerce against unfair competition."[9] All of these policies can be summarized as helping to stimulate competition by providing consumers with a means to readily identify the sources of goods and services in the marketplace,[10] and "[t]he heart of our national

9. *See* 15 U.S.C. § 1127 (the statute serves "to protect persons engaged in [federally regulated] commerce against unfair competition"); S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274 ("[W]here the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.").

10. In economic terms, trademark and trade dress rights reduce consumer "search costs" by allowing consumers to distinguish products that, in the absence of a trademark, would appear identical but in fact have different qualities. Search costs are factors unrelated to price which include the costs of knowing where to obtain the product, the costs of knowing the price of the product at different outlets, and the costs of knowing the quality of the product relative similar products offered by other producers. *See Qualitex*, 514 U.S. at 163-64. High search costs resulting from a lack of distinctiveness among competing products inhibits competition because consumers will be less likely to consider substitute products. In contrast, low search costs resulting from shorthand source identifiers such as trademarks permit consumers to obtain more complete information about a product's relative price and quality, thereby stimulating producers to keep their price and quality competitive. Opderbeck, *An Economic Perspective On Product Configuration Trade Dress*, 24 Seton Hall Legis. J. 327, 360 (2000) (citing Landes and Posner, (Cont'd)

economic policy long has been faith in the value of competition." *Standard Oil Co. v. Fed. Trade Comm'n*, 340 U.S. 231, 248 (1951); *United States v. Philadelphia Nat'l Bank*, 374 U.S. 321, 372 (1963) ("[C]ompetition is our fundamental national economic policy."). Thus, the law of trade dress directly advances the fundamental economic policy of the United States.

The rationale of the patent system is different. Patent law has been an exception to the rule of free competition for over 350 years, since the Statute of Monopolies prohibited exclusive grants, subject to an exception for novel or imported inventions.[11] Thus, the focus of the patent system is to promote the progress of Science and useful Arts through "the protection of producers as an incentive to product innovation." *Bonito Boats*, 489 U.S. at 157. The patent system also seeks to promote disclosure of inventions to stimulate further innovation. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). In sum, both trade dress protection and patent policy seek the same end — robust and fair competition and the resulting benefit to the public.[12]

(Cont'd)
Trademark Law: An Economic Perspective, 30 J. Law and Econ. 265, 269 (1987)). In sum, "[a] principal economic function of trademarks and trade dress is to lower search costs by associating consistent price and quality with a particular brand name or package design." *Id.*

11. The Statute of Monopolies created an exception for "any letters patent and grants of privilege for the term of fourteen years or under, hereafter to be made of the sole working or making of any manner of new manufactures within this realm, to the true and first inventor and inventors of such manufactures." 21 James I, c.3, VII Statutes at Large 255. Also reprinted in 1 Deller, *Walker on Patents* (Deller's Ed.) at 18-21 (New York 1937).

12. "Trade symbol law seeks that end by specific and limited means, namely, protecting the reliability of shorthand source identifiers in the marketplace, while patent law seeks it by providing (Cont'd)

D. Trade Dress Rights Do Not Upset The Constitutional Basis Underlying Patent Policy

The salient difference between the doctrines of patent and trade dress law lie in the requirements for protection. Congress and the courts have developed strict prerequisites for federal trade dress protection which, when properly applied, safeguard the integrity of patent policy.

1. Patent Rights Protect Inventions

The patent laws seek to promote the "progress of Science and useful Arts" by providing incentives for innovation and disclosure of new inventions. U.S. Const. art. I, § 8, cl. 8; *Aronson*, 440 U.S. at 262. Not all inventions are patentable, however. In order to be awarded a patent, an invention must pass the rigorous tests of being new, useful, and nonobvious. 35 U.S.C. §§ 101, 102, 103. *Bonito Boats*, 489 U.S. at 150. Those inventions meeting these statutory requirements are granted a limited period of exclusivity. 35 U.S.C. §§ 154(a)(2), 271(a). The right is exclusionary, not permissive. A patent does not grant its owner the right to make or market a product. "The franchise which the patent grants, consists altogether in the right to exclude every one from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent." *Bloomer v. McQuewan*, 55 U.S. 539, 549 (1852). Furthermore, the boundary of the exclusive grant "is limited by the . . . scope of the patent claims." *Dawson Chemical Co. v. Rohm & Haas Co.*, 448 U.S. 176, 221 (1980).

(Cont'd)
incentives for innovation — one of the mainsprings of competition in modern commerce." Dratler, *Trade Dress Protection For Product Configurations: Is There A Conflict With Patent Policy?*, 24 AIPLA Q. J.427, 446 (1996).

2. Trade Dress Rights Protect Source Identifiers

Trademarks and trade dress are subjects of the unfair competition laws codified in § 43(a) of the Lanham Act. *See Two Pesos*, 505 U.S. at 768; *Wal-Mart*, 120 S. Ct. at 1342-43. A trademark is defined in 15 U.S.C. § 1127 as including "any word, name, symbol, or device or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."

"Trade dress" is classified as a "symbol" identifier, and courts have consistently recognized that "symbols" such as product designs can constitute protectable trade dress under the Lanham Act.[13]

In contrast to the nature of patent rights, trade dress protection is available only if the elements of (1) acquired distinctiveness, (*i.e.*, secondary meaning), (2) nonfunctionality, and (3) likelihood of confusion, are shown. *Two Pesos*, 505 U.S. at 769-70. The disparate criteria necessary to acquire trade dress rights and patent rights safeguards the constitutional mandate that "discoveries" be protected for only "limited Times."

a. Only Distinctive Trade Dress Is Protectable

The first important requirement, namely distinctiveness — also known as secondary meaning — helps protect patent policy

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13. *See, e.g., Two Pesos*, 505 U.S. 763 (1992) (restaurant appearance); *Qualitex*, 514 U.S. 159 (1995) (a color); *Kohler*, 12 F.3d 632 (7th Cir. 1993) (a faucet); *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 929 (1995) (furniture); *Ashley Furniture Indus., Inc. v. Sangiacomo N.A., Ltd.*, 187 F.3d 363 (4th Cir. 1999) (bedroom furniture); *Knitwaves, Inc. v. Lollytogs, Ltd.*, 71 F.3d 996 (2d Cir. 1995) (sweaters); and *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780 (8th Cir. 1995) (notebooks).

from trade dress trespass. Acquired distinctiveness necessarily requires that the product in question be used in commerce as a source identifier, otherwise, "the trade dress would not 'cause confusion . . . as to the origin, sponsorship, or approval of [the] goods,' as [§ 43(a)] requires." *Wal-Mart*, 120 S. Ct. at 1343. Acquired distinctiveness or secondary meaning typically arises after a long period of exclusive use in the marketplace, a substantial amount of investment in advertising, sale, and promotion of the product, and/or a resulting build up of goodwill and product quality reputation among consumers. *Thomas & Betts*, 138 F.3d at 291.

Conversely, if the trade dress is ordinary or commonplace, it weighs against a finding of secondary meaning. *See Mana Prods.*, 65 F.3d at 1069-70. In addition, industry custom, widespread third-party use, long disuse, close resemblance to something in the public domain, or utility can all cut against the likelihood that consumers will associate a product design with a single source.[14]

In the present case, secondary meaning in the MDI "WindMaster" traffic-type sign stands has been established by the significant advertising and sales of the sign stands, the sole and exclusive use of the sign stands for over twenty years, and

14. *See Mana Prods.*, 65 F.3d at 1069-70 ("[W]here it is the custom in a particular industry . . . trade dress done in that style is likely to be generic"); *EFS Mktg., Inc. v. Russ Berrie & Co.*, 76 F.3d 487, 489-91 (2d Cir. 1995) (numerous other producers of the same product made it unlikely "that they cannot be said to identify [plaintiff] as their particular source"); *L. & J.G. Stickley, Inc. v. Canal Dover Furniture Co.*, 79 F.3d 258, 264-65 (2d Cir. 1996) (long disuse created "a high hurdle to a Lanham Act plaintiff"); *Publications Int'l Ltd. v. Landoll, Inc.*, 164 F.3d 337 (7th Cir. 1998) (Utilitarian "features are by definition those likely to be shared by different producers of the same product and therefore are unlikely to identify a particular producer.")

the build up of an excellent reputation and recognition of the appearance in the marketplace. The last factor is shown in part by the admission of two of TrafFix's principal witnesses who testified that they recognized the "WindMaster" sign stands solely by the "look" of the sign stands. (J.A. 132-137, 138-143.) Prior to achieving acquired distinctiveness, however, third parties — including TrafFix — were free to use MDI's trade dress and thereby defeat MDI's rights.[15]

b. Trade Dress Must Be Nonfunctional

The requirement that trade dress be nonfunctional further protects the patent policies from encroachment by trade dress rights. The functionality doctrine protects against any anti-competitive consequences or disadvantages of enforcing trade dress rights under all circumstances — even when the trade dress in question was disclosed in an earlier patent. The functionality doctrine is an independent means by which trade dress protection can be denied. If the asserted trade dress is deemed "functional", it cannot be protected regardless of evidence of actual consumer identification of source or consumer confusion caused by an imitator. *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376 (7th Cir. 1996); *see also Qualitex*, 514 U.S. at 169; and *Two Pesos*, 505 U.S. at 775.

A product feature is functional if it is " 'essential to the use or purpose of the article, or if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165 (quoting *Inwood Labs.*, 456 U.S. at 850 n.10). Quite simply, the functionality doctrine "serves to assure that competition will not be stifled by the

15. It would have been relatively easy to make an identical looking sign stand to MDI's traffic-type sign stand without infringing MDI's patents by eliminating initial compression from the coil springs or eliminating the geometric relationship defined by the claims.

exhaustion of a limited number of trade dresses." *Two Pesos*, 505 U.S. at 775. Thus, if constraints limit the available alternatives to the extent that others need the same trade dress in order to fairly compete, the product configuration or feature at issue is functional. *Id.* On the other hand, if the number of alternatives is sufficient that appropriation of one poses no great threat to competition, the trade dress is nonfunctional.

In *Qualitex*, the functionality doctrine was held to be sufficient to prevent a mark from being used anti-competitively. The "available alternatives test" for functionality as set forth in *Qualitex* has also been endorsed by Congress[16] and the Restatement as the definitive inquiry:

> [A] design is "functional" . . . if the design affords benefits in manufacturing, marketing, or use of the goods or services with which the design is used, apart from any benefits attributable to the design's significance as an indication of source, that are important to effective competition by others *and that are not practically available through the use of alternative designs*.

Restatement (Third) Of Unfair Competition § 17 comment b (1995) (emphasis added).

The same test has been applied by several Circuit Courts of Appeals. *See, e.g., Fun-Damental Too Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1002 (2d Cir. 1997) (design was nonfunctional based on evidence of two alternative designs, viable alternatives to certain features, and failure to show that protection of trade dress would put defendant at "significant competitive disadvantage"); *Knitwaves*, 71 F.3d at 1006 (protecting plaintiff's fall motif for sweaters would not

16. "A functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition." H.R. Rep. No. 250, 106th Cong., 1st Sess. (1999).

"significantly restrict the number of designs available" to competitors); *Insty*Bit, Inc. v. Poly-Tech Indus.*, 95 F.3d 663, 673-74 (8th Cir. 1996), *cert. denied*, 519 U.S. 1151 (1997) (although some features of plaintiff's trade dress may have been functional, summary judgment for defendant denied, where plaintiff "presented evidence that competing manufacturers have adopted different design features for their quick-change products"); *Tools USA and Equip. Co. v. Champ Frame Straightening Equip., Inc.*, 87 F.3d 654, 659 (4th Cir. 1996) (trade dress of catalog was nonfunctional, although information in it was functional, due to availability of alternative formats).

Defining legal functionality in terms of available alternatives provides an unambiguous test that addresses TrafFix's concerns in this case. It also makes the presence or absence of a patent, at best, only one factor in a functionality inquiry. If there is only one way for a product feature to induce a particular useful result, or create a particular ornamental impression, the alternatives test would render that embodiment unprotectable as trade dress. However, if a product feature has numerous alternatives (actual or theoretical) that serve the same useful purpose or provide the desired ornamental impression, then allowing the patentee to appropriate one design would not hinder competition in the relevant product market. To the contrary, it would prevent others from depriving the trade dress owner of its investment and goodwill, and denying the public of a distinctive source identifier necessary for informed and effective competition.

TrafFix has at times confused the "utility" required to secure a patent with the functionality doctrine (*i.e.*, legal functionality) pertaining to trade dress rights. These two concepts are significantly different and should not be confused. Every product has function or utility — whether patent protection and/or trade dress protection is being secured. If a product did not have utility, then there would be no reason or incentive for the manufacturer to make it, or for the purchaser to buy and use it. However, the

doctrine of legal functionality is completely different. It relates to the need of competitors to copy the product design in order to compete in the marketplace.[17]

c. The Standards For Trade Dress Infringement Further Protect Against Patent Policy Trespass

Although the requirements for distinctiveness and nonfunctionality are sufficient to avoid conflict with patent policy, the integrity of the patent system is further shielded by the differing standards for proving infringement under the patent and trade dress laws. Liability for trade dress infringement requires a demonstration that the defendant's conduct creates a "likelihood of confusion" among the relevant purchasing public. 15 U.S.C. § 1125(a)(1)(A). Mere copying or similarity between product configurations is not enough. In addition to similarity, the circumstances in which the trade dress is actually used in the marketplace must be sufficiently similar to create a likelihood of confusion. This requirement is embodied in the various multi-factor tests of the Courts of Appeal. For example, the Sixth Circuit has identified eight factors as defining the scope of the likelihood of confusion inquiry:

1. The strength of the plaintiff's mark;

2. the relatedness of the goods;

3. the similarity of the marks;

17. The amicus brief filed on behalf of the United States asks this Court to rule on the functionality issue. However, legal functionality depends on numerous factual questions which must be decided by the trier of fact. *Vuitton et Fils S.A. v. J. Young Enters, Inc.*, 644 F.2d 769 (9th Cir. 1981); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332 (C.C.P.A. 1982); *In re Am. Nat'l Can Co.*, 41 U.S.P.Q. 2d 1841 (T.T.A.B. 1997). An affirmance of the Sixth Circuit decision in this case would remand the case to the District Court for, *inter alia*, precisely such an analysis.

4. evidence of actual confusion;

5. marketing channels used;

6. likely degree of purchaser care;

7. defendant's intent in selecting the mark; and

8. the likelihood of expansion of the product lines.

Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 648 (6th Cir. 1982). Although none of these factors is determinative, the courts weigh the evidence produced as to each one in order to reach a conclusion on the likelihood of confusion issue.

Moreover, for trade dress infringement, the focus is not on individual trade dress elements, "but rather whether the two trade dresses' create the same general overall impression." *Bristol-Meyers Squibb Co. v. McNeil P.P.C., Inc.*, 973 F.2d 1033, 1046 (2d Cir. 1992). Because each of the above factors (as well as others used by the various Circuits) influences the analysis of trade dress infringement, "[s]imilarity in overall appearance alone cannot establish confusion as to source as a matter of law." *L.A. Gear Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130-31 (Fed. Cir.), *cert. denied*, 510 U.S. 908 (1993).[18]

In contrast, an infringement analysis under the patent law demands a focused examination of the allegedly infringing product in light of the patent claims. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 373 (1996). The patent owner's commercial embodiment of the patented invention is irrelevant

18. "There is perhaps no standard in all of the law that is so fact dependent, and whose application so inevitably proceeds on a case-by-case basis, as the standard of likelihood of confusion in trademark law." Dratler, *Intellectual Property Law: Commercial, Creative, and Industrial Property*, § 10.01[2] (1991).

to the infringement analysis. "[The Federal Circuit] has repeatedly emphasized that an infringement analysis compares the accused product with the patent claims, not an embodiment of the claims." *Atlantic Thermoplastics Co. v. Faytex Corp.*, 970 F.2d 834, 846 (Fed. Cir. 1992).

3. Patent Remedies and Trade Dress Remedies are Substantially Different

The substantial differences between the remedy standards for patent and trade dress infringement help defeat TrafFix's assertion that trade dress protection is the equivalent of a perpetual patent. If a product infringes a patent claim, complete injunctive relief is the standard remedy. *See W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 842 F.2d 1275, 1281 (Fed. Cir. 1988) ("[A]n injunction should issue once infringement has been established unless there is a sufficient reason for denying it."); 35 U.S.C. §§ 271(a), 283. Moreover, a product either infringes a patent or it does not, there is no middle ground.

If the same product feature constitutes protectable trade dress, however, there are numerous circumstances under which others may use the trade dress without fear of infringement liability, due to the vagaries of the likelihood of confusion analysis. For example, any change in circumstance that eliminates the likelihood of confusion, abolishes the infringement. Courts can remedy trade dress infringement by ordering a change in one or more of those circumstances. Indeed, in appropriate cases, courts have required the use of disclaimers, house-marks or trade names, changes in product appearance, or corrective advertising to curtail the likelihood of confusion.[19] *See Frisch's*, 670 F.2d at 645; *Abbott Labs. v. Mead Johnson &*

19. Disclaimers and labeling, however, may not be sufficient. *See Bristol-Myers*, 973 F.2d at 1047. ("We do not mean to intimate that the distinctive elements of any trade dress may be freely appropriated as long as the junior user clearly identifies the source of the goods.")

Co., 971 F.2d 6, 22 (7th Cir. 1992). None of these remedies approach the equivalent of an injunctive patent remedy. Moreover, failing to provide a remedy — by seeking comfort in patent policy — when distinctive nonfunctional trade dress has been infringed, undermines the policy of trade dress protection at the cost of consumer confusion and deception.[20]

In this case, preventing TrafFix from selling its currently-fashioned "WindBuster" sign stand will not prevent TrafFix from competing and being successful in the marketplace. Numerous structural changes could be made to avoid infringing upon MDI's trade dress rights. Everyone — especially the public — would be the benefactors if such changes were made.

E. It Is Improper To Equate Trademarks With "Monopolies"

Labeling MDI's efforts to protect its trade dress as an improper attempt to extend its patent "monopoly" in violation of the Constitutional mandate reveals bias, not analysis. Patent grants are often deemed "monopolies," even though they are not in the economic sense. A monopoly exists when a firm in a defined market is able to control price and output for a specific product or service. When used pejoratively, "[t]he term 'monopoly' connotes the giving of an exclusive privilege for

20. As Professor Dratler put it,

> the narrow isthmus of remedies, not the broad plain of policy, is the ground on which trade dress battles should be fought. There is no need for sweeping modifications to the doctrine of distinctiveness, the doctrine of functionality, or the standard for trademark infringement, in order to accommodate trade dress protection for product configurations.

Dratler, *Trade Dress Protection For Product Configurations: Is There A Conflict With Patent Policy?*, 24 AIPLA Q. J. 427, 581 (1996).

buying, selling, working, or using something which the public once freely enjoyed prior to the grant." *United States v. Dubilier Container Corp.*, 289 U.S. 178, 186 (1933).[21] For most patented inventions, however, there exist a range of substitutes which prevent the patent owner from exerting exclusive power to control prices or output in any market. In this instance, there are at least six competitors to MDI's "WindMaster" sign stands. (Pet. App. 86a-87a; L38-39.) Since competitors do not need access to MDI's asserted distinctive features to compete, recognizing MDI's trade dress rights will not confer any monopoly power — odious or otherwise. Moreover, equating MDI's trade dress rights with an odious monopoly, implies an adverse value judgment as to the worth of trademarks in general.

The rights which flow from trademarks are useful and help both consumers and trademark owners. "In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's goodwill in trade by placing a distinguishing mark or symbol — a commercial signature – upon the merchandise or package in which it is sold." *United Drug Co. v. Theo. Rectanus Co.*, 248 U.S. 90, 98 (1918). (Pet. Brf. at 30, "unlike patent law — 'no monopoly is involved in trademark protection' ".)

II. THE "RIGHT TO COPY" SUBJECT MATTER DISCLOSED IN AN EXPIRED PATENT IS NOT ABSOLUTE

The "right to copy" is a general rule subject to many exceptions. It is a judicially created doctrine without expression in the U.S. Constitution or the Patent Act. It is a right drawn by negative implication from the "limited Times" provision of the

21. Such highly objectionable "odious monopolies" were an Elizabethan prerogative subject to exploitive abuse in the hands of corrupt courtiers. Waltersheid, *The Early Evolution of the United States Patent Law: Antecedents (Part 2)*, 76 J.P.T.O.S., 849, 863-65 (1994).

Patent Clause. In fact, there is "no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of an expired patent." *Midwest Indus.*, 175 F.3d at 1362 (quoting, *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)). The right to copy the subject matter of an expired utility patent has always yielded to other equally compelling policies, such as the unfair competition laws or state police power interests.[22]

A. The Supreme Court Has Acknowledged That The "Right To Copy" Has Many Exceptions

In several older decisions, the Supreme Court used broad language which TrafFix has interpreted as completely foreclosing trademark rights in product features that have been disclosed in a patent. *See Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896); *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 119-22 (1938); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco*, 376 U.S. 234. These cases, however, have not been read as expansively as TrafFix would like this Court to do — and for good reason. None of them recognize an *absolute* right to copy. In fact, these cases recognize that other forms of intellectual property protection (e.g. trademarks and trade secret protection) — as well as unfair competition — are proper and can co-exist with the patent law.

Specifically, in *Singer*, even though the term "Singer" was held to be generic, the Court required that the defendant include "a plain and unequivocal indication of the origin of manufacture"

22. For example, in *Patterson*, the Supreme Court held that the "right to copy" was subordinate to state police powers. 97 U.S. at 505. Other exceptions to the general right to copy include a "blocking patent on the invention" or "state law . . . prohibiting the production of a patented invention (such as a radar detector or a gambling device)." Andelman, *Thomas & Betts Corp v. Panduit Corp.*, 14 Berkeley Tech. L.J., 229, 239 (1999).

on its sewing machines to prevent consumer confusion as to source. 163 U.S. at 202-04. Similarly, the Court in *Kellogg*, concluded that, although "the name 'Shredded Wheat', as well as the product, the process and the machinery employed in making the product, had been dedicated to the public", Kellogg nevertheless had an obligation "to identify its product lest it be mistaken for that of the plaintiff." 305 U.S. at 117-18, 120. Likewise, in *Sears*, Justice Black conceded that a State "may, in appropriate circumstances, require that goods . . . be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." 376 U.S. at 232. In *Compco*, the Court held that the "right to copy" did not extend to designs "entitled to a design patent *or other federal statutory protection.*" 376 U.S. at 248 (emphasis added). And in *Scott Paper*, non-descriptive trademarks were inferentially indicated as being protectable. 326 U.S. at 256.

Moreover, in more recent cases, such as *Bonito Boats*, this Court has specifically indicated that these older cases do not have a broad preclusive effect, particularly on federal trade dress protection. The *Bonito Boats* Court explained, 489 U.S. at 154:

> [W]hile *Sears* speaks in absolutest terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws.

489 U.S. at 154. Similarly, trade dress rights do not impermissibly interfere with the federal patent scheme because they have traditionally been "limited to protection against copying of non-functional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." *Id.* at 158.

The right to copy thus exists only for items fully in the public domain, *i.e.*, not protected by any other intellectual property rights or prohibited by other compelling interests. Trademark policy, however, has no prohibition against taking things from the public domain. *See, e.g.*, *The Trade-Mark Cases*, 100 U.S. at 94 ("The trade-mark may be, and generally is, the adoption of something already in existence as the distinctive symbol of the party using it."). The very existence of acknowledged trade dress rights establishes that public domain material may be appropriated as a protectable source identifier. To say that MDI's trade dress is unprotectable because it is in the public domain is inapposite to the realities of trademark and trade dress law.

B. Even If The Supreme Court Cases Can Be Read Broadly, They Are Factually Distinguishable

The, *Bonito Boats*, *Sears*, *Compco*, *Singer*, *Kellogg*, and *Scott Paper* cases are all distinguishable from the case at bar. In *Bonito Boats*, *Sears*, and *Compco*, the Supreme Court examined the relationship between federal patent law and a respective state unfair competition law — not between federal patent law and federal trademark law. As such, the holdings of these cases are not determinative of the present issue. *Bonito Boats* is further distinguishable as the state statute at issue in that case granted patent-like rights "far exceeding any right available under the Lanham Act." *Thomas & Betts*, 138 F.3d at 286.

The *Singer* and *Kellogg* cases likewise have no limiting effect on the scope of federal trade dress law. Unlike the present case, in *Singer*, the "right to make the machine in the form in which it was constructed during the patent" applied because the shape of the machines were dictated by the various patents covering the machine, *i.e.*, the machines were legally functional or generic. Similarly, in *Kellogg* the Court found that the shape of the shredded wheat biscuit in which protectable trade dress

was asserted, was dictated by the patented machines used to produce it. Thus, the shape was legally functional and unprotectable. Conversely, the configuration of MDI's "WindMaster" sign stand is not dictated by the patents as there are a variety of other competitive alternative sign stands on the market. Thus, the principles of *Singer* and *Kellogg* do not support TrafFix's absolute right to copy rule.

Additionally, *Scott* is distinguishable as the case was decided on the issue of assignor estoppel, and the Court's discussion of trade dress law therein is merely dicta. *Thomas & Betts*, 138 F.3d at 287.

III. THE EXISTENCE OF AN EXPIRED UTILITY PATENT DOES NOT FORECLOSE TRADE DRESS RIGHTS IN A PRODUCT DISCLOSED OR CLAIMED THEREIN

A. The Legal Authorities Do Not Support TrafFix's Position

The weight of legal authority and the intent of Congress both strongly oppose TrafFix's positions and arguments. Over the last five years, five Courts of Appeal have had the occasion to address the interaction of trade dress protection and patent law principles, particularly where an expired utility patent was involved. The Fifth, Sixth, Seventh, and Federal Circuits have all held that the existence of a utility patent does *not* foreclose trade dress protection in features disclosed therein. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997), *cert. denied*, 523 U.S. 1118 (1998). ("[T]he fact that the American Classic Mixmaster incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional"); *Thomas & Betts*, 138 F.3d at 288 (reversing the district court's misstatement of the law and holding that "there is no per se prohibition against features disclosed in a patent

receiving trademark protection after the patent has expired"); *Midwest Indus.*, 175 F.3d at 1362. ("[T]he fact that a patent has been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter"); and *Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929 (6th Cir. 1999) ("So long as it is possible to protect the appearance without protecting the design, a per se rule is not necessary.")

Only the Tenth Circuit, in the first opinion addressing the issue, reached an opposite result. *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996). Even *Vornado*, however, does not support the broad absolute rule sought by TrafFix. Only subject matter which comprised "part of a claim" and a "significant inventive aspect" of the expired patent was prohibited from trade dress protection. *Id.* at 1510. In so holding, it is submitted that the *Vornado* Court did not recognize that distinctive, nonfunctional product features can be separated from the utilitarian features which are the proper subject of a patent. Despite noting that "availability of equally satisfactory alternatives for a particular feature" is "often the fulcrum on which Lanham Act functionality analysis turns", the *Vornado* Court ignored any functionality analysis in reaching its result. *Id.* at 1507. This is unfortunate for the result may have been justified if the Court had found a lack of competitive alternatives to the spiral grill design at issue.

The decisions by the various Circuit Courts of Appeal upholding trade dress rights were buttressed by Congress in 1999 when it amended the Federal Lanham Act to acknowledge trade dress rights for nonfunctional aspects of a product configuration. 15 U.S.C. § 1125(a)(3):

> Section five amends section 43(a) of the Lanham Act to provide that in an action for trade dress infringement, where the matter sought to be protected is not registered with the U.S. Patent and Trademark Office, the plaintiff has the burden

of proving that the trade dress is not functional. A functional feature of trade dress is one that is commonly used by similar business, protection of which would hinder competition. If a mark is registered, there is a presumption that it is not functional. However, for plaintiffs of unregistered marks to be given the same presumption would not promote fair competition or registration. *For example, the owner of a patent that is about to expire may try to register it as a trademark, which receives protection as long as the owner uses it in commerce. This amendment seeks to ensure that marks that are functional are not registered. Functional marks should be dealt with under the patent law. Therefore, it should be incumbent on the plaintiff suing for infringement of an unregistered mark to prove that the mark is not functional.*

H.R. Rep. No. 250, 106th Cong., 1st Sess (1999) (emphasis added). With this statutory amendment, Congress gave specific credence to trade dress protection for nonfunctional product features — regardless of the existence of a patent.

In this case, MDI is not seeking trade dress protection for the product features which were the subject matter of its expired patents, but only for the distinctive nonfunctional aspects of its commercial traffic-type sign stand. The public is not being deprived of the right to copy, except to the extent that it must respect "other federal statutory protection." *Compco*, 376 U.S. at 248.

B. The Existence Of A Patent Has Only Limited Relevance To The Trade Dress Inquiry

1. The Functionality Doctrine Is The Primary Determinative Test

The existence of a patent does not convert what otherwise would qualify as protectable trade dress into nonprotectable subject matter. So long as it is possible — as here — to protect the appearance without unduly hindering competition, then a *per se* rule is not necessary. In fact, the existence of a patent has limited relevance to the trade dress analysis under most circumstances.

Although trade dress rights must also be distinctive and infringed to be protected, the legal functionality test is the primary factor that ensures that trade dress protection in product configurations will not unsettle the foundation of our patent system as surmised by TrafFix. This Court has unanimously recognized that the ultimate test of legal functionality "is whether the recognition of trademark rights would significantly hinder competition." *Qualitex*, 514 U.S. at 170. Therefore, the question is one of need, namely whether competitors are able to effectively compete in the relevant market without need of the product features defining the asserted trade dress. If not, then the trade dress is deemed legally functional and therefore unavailable for protection.

In most cases, there are a wide — if not infinite — variety of ways to embody a claimed invention of a patent. Competitors are thus not limited to any one particular configuration. In such cases, the existence of a patent has little, if any, relevance to the trade dress inquiry. Protecting one competitor's distinctive, nonfunctional embodiment of the patented device does not deprive the public of its ability to use and build upon the teachings of the patent. Only when the product configuration is completely dictated by the claimed invention would trade dress

rights be foreclosed. In such cases, the trade dress doctrine of legal functionality would equate the asserted trade dress with patentable utility. The patent itself may have some relevance in such instances to identify those features where design is dictated by the utilitarian goals of the claimed invention.

In this case, however, there is strong evidence that the trade dress of the "WindMaster" traffic-type sign stands is not legally functional. As set forth in the materials submitted to both the Trial Court and Court of Appeals below, and as admitted by TrafFix's President, Jack Kulp, all of the six other major companies in the marketplace which make spring-mounted sign stands compete effectively in the marketplace against the MDI "WindMaster" sign stands and the TrafFix "WindBuster" sign stands. (Pet. App. 86a-87a; L38-39.) The competing sign stands of these companies each have a different appearance, yet perform equivalently to the MDI "WindMaster" sign stands.

There also was ample evidence by persons skilled in the art that a substantial number of alternative designs are possible, all of which would be equivalent in operation and performance. (J.A. 101; Pet. App. 19a.) The existence of actual or potential alternative designs that work equally well strongly suggests that a particular design is not needed by competitors to effectively compete on the merits. ***In re Honeywell, Inc.***, 8 U.S.P.Q. 2d 1600 (T.T.A.B. 1988) (round thermostat cover held non-functional).

A review of the legislative history of Pub. L. No. 106-43, 113 Stat. 218, quoted above indicates that Congress recognizes that trade dress rights can harmoniously exist in the subject matter of a patent. With the new section 43(a)(3), together with the legislative history, Congress clearly expressed that the

functionality doctrine is determinative and resolves any perceived conflict between the patent and trademark laws.

C. TrafFix Is Unclear As To What Is "Covered" By The Patent

TrafFix does not specifically define what is supposedly dedicated to the public when a patent expires. At different times, TrafFix asserts that anything "covered" by the patent (Pet. Brief 38), anything which is the "subject" or "subject matter" of the patent (Pet. Brief 10-12), or anything which is "described" in the patent (Pet. Brief 43) is *ipso facto* unprotectable trade dress and goes into the public domain. This loose terminology is unfortunate because the differences between the claims on the one hand and the written specification and drawings on the other hand is significant.

1. Unclaimed Subject Matter Was Never Part of the Patent Grant

TrafFix's proposed absolute rule would preclude from trade dress protection *any* material that is disclosed in any way in an expired utility patent — whether a necessary part of the disclosed invention or not. The weight of reason and authority does not dictate such a rule. A patent protects the invention defined by the claims, it affords no protection to features that are merely disclosed. *Dawson Chemical*, 448 U.S. at 221. Thus, recognizing trade dress rights in disclosed, but unclaimed, subject matter will not undermine the patent bargain since inventors neither expect nor receive the right to exclude others from using such matter. In other words, the public does not have to wait until the patent expires to practice its use.

Moreover, trademark/trade dress policy has no prohibition against taking things from the public domain (words, terms, symbols, etc.). *See, e.g.*, *The Trade-Mark Cases*, 100 U.S. at 94. It is permissible so long as the trademark serves as a

unique source identifier. If the trademark is generic, however, then it cannot be exclusively appropriated since there is a competitive need to use the term to describe the product. In the same vein, legally functional trade dress cannot be protected due to a competitive need for the product feature.

In the case at bar, MDI's claimed trade dress in not shown in the drawings of either the '696 or '482 patents, nor described in either of the two specifications (compare L1 with L41-50). Thus, the public was free to make and/or use MDI's traffic-type trade dress at any time during the pendency of its patents — prior to its trade dress acquiring secondary meaning — so long as it did not infringe the claims.[23]

2. Analyzing Claimed Subject Matter Results In a Patent-Like Case

"The patent claims defines the scope of the patent grant." *Markman*, 517 U.S. at 373. Under TrafFix's test, in every trade dress action, the alleged infringer would seek to argue that the asserted trade dress — or portions thereof — is covered by one or more expired utility patents. Such an analysis could turn each case into a lengthy, complicated, and expensive patent-type proceeding, which would at least require a *Markman*-type hearing.[24]

Following a *Markman* hearing, the properly construed claims would then need to be applied to the product trade dress

23. A non-infringing sign stand could have had the same appearance as MDI's "WindMaster" traffic-type sign stand, but not include initial compression between the coils of the spring as required by the '696 patent claims, or meet the geometric relationship required by the '482 patent claims. (L41-50; J.A. 452-53.)

24. Patent claim construction is an issue of law to be determined by the Court. *Markman*, 517 U.S. at 384. In patent infringement suits, the district court typically holds a separate *Markman* hearing to address the claim construction issue.

in the same manner as a patent infringement analysis. *Id.* This second step, however, is a question of fact requiring a jury trial unless waived. *Id.* Also, if the product trade dress did not literally fall within the scope of the claims, it would have to be determined whether it came within the scope of the claims under the Doctrine of Equivalents — which also is a fact question. *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17 (1997). Thus, TrafFix's position, if adopted, not only would create additional litigation expense, delays and complexity, but would raise constitutional issues with respect to the right to a jury trial. It would also require the Circuit Courts of Appeal to review the district courts' claim construction thereby undermining the Federal Circuit's ability to maintain uniformity in patent law precedent.

In this case, MDI spent many years and considerable resources before receiving an affirmative determination that the Winn-Proof sign stand infringed the MDI patent claims under the Doctrine of Equivalents. *See Winn-Proof*, 697 F.2d at 1321. If no such ruling existed, the parties herein would be required to endure a similar process to determine if the trade dress of the "WindMaster" traffic-type sign stand fell within the scope of the expired patent claims. Only after such a resolution could the remainder of the trade dress issues go forward, and the issues of functionality, secondary meaning, and likelihood of confusion be resolved.

IV. A *PER SE* RULE IS UNWARRANTED AND UNJUSTIFIED

A. A *Per Se* Rule Is Improper

TrafFix urges this Court to adopt a rule essentially declaring that the subject matter of an expired patent is *per se* functional and therefore not the proper subject of trade dress protection. Such a position is legally erroneous for a variety of reasons, as indicated above, and ignores the purposes and policies behind

these distinct intellectual property rights. Such a rule would force manufacturers to select between either patent rights or trade dress rights — which would run counter to the policy of fostering competition that underlies each body of law. Moreover, such a rule would create the nonsensical position that trade dress protection could be available for a product that was never disclosed in a utility patent — although it met the statutory requirements for patentability — but not for a product that was actually disclosed in a utility patent.[25]

B. The Consequences Of A *Per Se* Rule Would Be Harmful

TrafFix's proposed rule of law would upset the harmonious balance struck between the patent laws and unfair competition laws. If everyone suddenly had an unfettered right to copy anything that was the "subject of" an expired utility patent, many product shapes that are without question deserving of protection would no longer qualify for trade dress protection. For almost every famous product shape that the public has come to rely upon as a shorthand source identifier, there likely exists a patent disclosing or depicting the trade dress. For example, the famous and distinctive shape of the Coca-Cola bottle, the Volkswagon Beetle, and the Porsche 911 automobile, just to name a few, are all disclosed in expired utility patents.[26] The Coca-Cola patent, for example, is directed toward a method of securing a label to

25. Such a ruling also would be contrary to the positions of the International Trademark Association (INTA) and the American Intellectual Property Law Association (AIPLA) both of which represent the great majority of intellectual property practitioners in the United States. Even the Justice Department in its amicus brief filed in support of Petitioner does not advocate for a *per se* rule. See amicus briefs of INTA, AIPLA and the United States.

26. U.S. Patent No 6,048,423 (Coke bottle); U.S. Patent No. 3,861,281 (VW Beetle); U.S. Patent Nos. 3,869,166 and 4,801,173 (Porsche 911). (Resp. L. App. Tabs 5-8.)

and claims the "bulbous sidewall region" of the bottle as a required element of the invention. Because the distinctive bottle is "covered by", the "subject matter of" and/or "disclosed in" the patent, according to TrafFix, it cannot qualify as protectable trade dress. Thus, Pepsi Cola or an upstart cola company would be free to market its product in a bottle of the same shape. The resulting consumer confusion and deceit could be substantial. In addition, the reputation and goodwill that Coca-Cola built up for almost 100 years in the unique shape of its bottle would be lost. The resulting price to be paid by the consuming public and the producers of America's most famous brands is too great, and destroys the foundation upon which Lanham Act is based — namely, promoting competition by providing consumers the means to identify the source of goods and services in the marketplace. A further consequence of TrafFix's proposed rule would allow competitors to draft patents disclosing or depicting their rival's trade dress and thereby defeat the rival's trade dress rights.

Also, as a practical matter, TrafFix's proposed rule of law would turn every trade dress case into a patent case by encouraging the accused infringer to search for a patent or patents disclosing the asserted trade dress as an after-the-fact justification for possibly deliberate trade dress infringement. The universe of inventions available in defense includes any of the more than six million issued patents. Without further elaboration of the resulting litigation burden, the consequences are obvious: TrafFix's clear, predictable rule would move far beyond the "litigation petri dish" and act as a plague on the courts.[27]

27. In view of the legal requirements necessary to support a trade dress claim, TrafFix's assertion that anything less than a *per se* absolute rule would lead to a "litigation petri dish" (Pet. Br. 42) and stifle competition is unfounded. To the contrary, as explained herein, a *per se* rule would have much more serious and adverse effects on competition, producers and the public.

If TrafFix's position were adopted, the patent system would suffer significantly, too. The completeness of patent disclosures would be limited out of concern that the disclosure may later prevent enforcement of any trade dress rights in the same type of product which is the subject of the patent. This would discourage the disclosure of alternative embodiments and possibly limit the "best mode" discussion as well. Limiting the description of the invention might also jeopardize the validity of the patent in view of 35 U.S.C. § 112 which requires full and complete disclosure. (Pet. Br. App. 6a.) As a result, the breadth of patents and, hence, their value may be severely reduced. A *per se* rule would, thus, similarly be contrary to the fundamental policies of our patent system.

The calamity invited by examining the relevance of a patent vis-à-vis the asserted trade dress is avoided by resort to the simple alternatives test embodied in the functionality doctrine. If a design is necessary for effective competition in the relevant market, allowing one producer to appropriate it for their sole use would suggest an end run around the principles of the patent system. Such situations can be readily addressed by denying trade dress protection for such designs under the functionality doctrine or appropriately tailoring a remedy for its use by others. Under a competitive alternatives test of functionality, the existence of a patent *per se* is irrelevant; and the parade of horribles invited by its presence, is avoided.

C. A *Per Se* Rule Would Create Other Issues

A broad *per se* rule declaring that the subject matter of any expired patent is incapable of trade dress protection because the public has an absolute right to copy such subject matter further raises several significant issues:

1. To what extent must the scope of the patent be commensurate with the asserted trade dress for the *per se* rule to apply? Does all of the asserted trade dress have to be disclosed

or claimed, or only most of the features, or only the dominant features? Also, could multiple patents be combined to show that all the elements of the asserted trade dress are free for all to copy? Ironically, virtually all trade dress comes from the public domain. Therefore, all trade dress rights could likely be defeated by combining select portions of the "public domain" defined by the expired patent universe.

2. Why should the holding be limited to patents of the party asserting the trade dress? What if the trade dress owner acquired the patents from someone else, or sold the key patent to another prior to asserting the trade dress rights? Should these facts make a difference?

3. What rules of law govern the analysis of what is included in the "subject matter" of the expired patent? What standards apply for infringement under the Doctrine of Equivalents? What if the patent claims are "means-plus-function" or "step-plus-function" claims? How are method and process claims to be handled?

4. Why should the policy be limited to expired patents? All disclosed but unclaimed subject matter stands in the same position as anything else in the public domain.

5. Would such a rule eradicate trade dress rights which were established prior to the patent being filed?[28] Patents are often directed to improvements of established products, and "improvement"-type patents typically show and describe the existing products as the environment for the new invention.

6. Can producers file patent applications disclosing their competitor's trade dress to defeat such rights?

7. Should utility patents be treated differently from design patents which protect only the aesthetic appearance of a product?

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28. This is precisely what could occur in the Coca-Cola example cited *supra*.

In sum, an adoption of TrafFix's position could create numerous real and unintended consequences, including many which would be extremely harmful to consumers and competition.

CONCLUSION

The judgment below should be affirmed. Federal trade dress protection can extend to distinctive, nonfunctional product configurations, regardless of whether they are disclosed or claimed in expired utility patents.

Respectfully submitted,

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Supreme Court, U.S.
FILED
NOV 9 2000

(15)

No. 99-1571

IN THE

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v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

I. THIS COURT'S CASES ESTABLISH A RIGHT TO COPY FROM EXPIRED PATENTS.

1. We explained in our opening brief that this Court has long recognized a public right to copy and use the subject of expired patents. Pet. Br. 17-21. That right was articulated in cases such as *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896) ("on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property") and *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 230 (1964) ("when the patent expires the monopoly created by it expires, too, and the right to make the article * * * passes to the public"), and was reaffirmed by a unanimous Court in *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989) (emphasis in original): "For almost 100

years it has been established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and use.' "

We also explained that this right to copy is an essential aspect of the "patent bargain" underlying our patent system—it is the consideration the public receives in exchange for granting an inventor the exclusive right to his invention for a period of years. Pet. Br. 12-17. As this Court has noted, the patent monopoly is granted "on the condition that [the inventor] make full disclosure for the benefit of the public of the manner of making and using the invention, and that upon the expiration of the patent the public be left free to use the invention." *Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 255 (1945). That bargain not only faithfully reflects the history and policy of the Patent Clause, *see* Pet. Br. 12-15, but also gives effect to the constitutional command that patents be granted only "for limited Times." U.S. Const. art. I, § 8, cl. 8.[1]

2. In response, MDI contends that "[t]here is no Constitutional, statutory, or overriding policy requirement that *per se* forecloses federal trade dress protection for subject matter disclosed or claimed in an expired patent." Resp. Br. 1. Its amici sing the same tune. *See* Thomas & Betts Br. 5

[1] MDI seeks to distinguish the cases on which we rely on the ground that they considered the right to copy in juxtaposition with state unfair competition law, not federal trademark law. Resp. Br. 29-30. We have already explained that this distinction is unavailing. Pet. Br. 36; *see also* SG Br. 18-19. The patent bargain is compromised when the public is denied its reciprocal right to copy from expired patents, whether that result is achieved under state or federal law. There is no indication that Congress intended to extend trade dress protection in such a way as to undermine the right to copy from expired patents, and every reason to believe that it instead intended to codify the *Singer* line of cases that was an entrenched part of the law of unfair competition when the Lanham Act was enacted. *See* Pet. Br. 28-37; SG Br. 14-15, 17.

(referring to "the *purported* 'right to copy' ") (emphasis added); AIPLA Br. 6 ("the public's 'right' to copy"); *see also* Opp. 5 ("so-called 'right to copy' "). MDI chides us for relying on "older Supreme Court opinions," Resp. Br. 7, and relies instead on lower court decisions for the proposition that "there is 'no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of an expired patent.' " *Id.* 27 (quoting *Midwest Indus., Inc.* v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1362 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999)).

We agree that the right to copy is not "absolute," and have never argued the contrary. As MDI points out, the Court in *Singer* required the copier to affix "a plain and unequivocal indication of the origin of manufacture" on its copies to prevent consumer confusion, 163 U.S. at 204, the Court in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938), noted that the newcomer was obliged through packaging "to identify its product lest it be mistaken for that of the plaintiff," and the Court in *Sears* recognized that States may require that goods "be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source." 376 U.S. at 232. We made the same point in our opening brief. *See* Pet. Br. 34-35. But it is one thing to require labeling, distinctive packaging, or the like to avoid consumer confusion between the original and a copy, and quite another to preclude copying the subject of an expired patent altogether under the guise of avoiding such confusion. That would be a classic case of throwing the baby out with the bathwater, and nothing in this Court's cases recognizing the right to copy remotely suggests that it may be so readily and so completely compromised in the name of avoiding confusion.[2]

[2] MDI and its amici rely heavily on a negative inference drawn from dicta in *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), in which the Court stated that the right to copy extends to products that are not "entitled to a design patent or other federal

For this reason, MDI's suggestions that the right to copy we invoke includes the right to copy trademarks, or ornamental designs having nothing to do with an invention claimed in a patent, can readily be put to one side. We agree that those exercising the right to copy must refrain from "palming off their copies as the original," *Compco*, 376 U.S. at 238, but that repeated caveat presupposes the right to copy "the article itself," *Sears*, 376 U.S. at 232-233, or "the product itself," *Bonito Boats*, 489 U.S. at 158, in the first place. As this Court explained in *Bonito Boats*, "[t]he defendant * * * may copy plaintiff's goods slavishly down to the minutest detail: but he may not represent himself as the plaintiff in their sale." *Id.* at 157 (quotation omitted). Here it is undisputed that "[t]he TrafFix Devices company name appears on each and every dual spring sign stand manufactured and distributed by TrafFix Devices, Inc." J.A. 253. To the extent TrafFix's use of the WINDBUSTER name may have caused consumer confusion, MDI was entitled to seek and has sought and secured relief barring TrafFix's use of that name. *See* Pet. App. 4a-12a. What MDI may not do is bar the copying of "the article itself." *Sears*, 376 U.S. at 232-233.

3. MDI objects that our approach allows competitors to profit off the goodwill it has acquired in the configuration of its sign stand, and indeed that TrafFix copied that configuration to "take advantage of the tremendous goodwill and

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statutory protection." *Id.* at 238. There is nothing in the context of that statement to suggest, however, that the Court intended the phrase "other federal statutory protection" as a reference to the Lanham Act, much less that the ambiguous reference constitutes a holding that the Lanham Act overrides the patent law right to copy. To the contrary, as the Solicitor General has explained, the Court in *Compco* upheld the right to copy in the face of an argument that recognizing such a right would limit the scope of the Lanham Act. *See* SG Br. 18-19 & n.7. In such circumstances the dicta cannot be read as subordinating the right to copy to Lanham Act claims.

commercial success enjoyed by MDI's sign stand." Resp. Br. 8; *see id.* 18, 21. TrafFix copied the configuration of MDI's sign stand for the simple reason that it was a better sign stand—not because customers associated the configuration with MDI. J.A. 331. To the extent MDI was able to accumulate goodwill in the configuration of its sign stand, it was of course because the patents prevented anyone else from using that configuration for an extended period. *See, e.g., Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 615 (N.D. Ill. 1996) (it is "no great trick to build up secondary meaning in a product configuration if [competitors] are kept from utilizing that configuration for 17 years by the sword and shield of patent protection").

This Court has already held that goodwill developed during the term of a patent cannot be relied upon to extend the life of the patent under the guise of trademark law:

> By the force of the patent laws not only is the invention of a patent dedicated to the public upon its expiration, but the public thereby becomes entitled to share in the good will which the patentee has built up in the patented article or product through the enjoyment of his patent monopoly. * * * [T]he patentee may not exclude the public from participating in that good will * * *. [*Scott Paper*, 326 U.S. at 256.]

That is, however, precisely what MDI seeks to do in relying on the alleged goodwill in the configuration of its sign stand to "secure * * * a continuation of [its] monopoly by resorting to the trademark law." *Id.*[3]

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[3] MDI's claim that "TrafFix would not have been able to copy MDI's trade dress if the patents had never existed," Resp. Br. 8, misses the mark. As noted, MDI was able to acquire secondary meaning in its traffic sign stand only because competitors were prevented from copying it by the patent. If "the patents had never existed," that secondary meaning would never have developed. In addition, our position is that there is a right to copy from an

MDI's response is telling. It argues that TrafFix could have manufactured a sign stand that looked just like MDI's during the period of patent protection, but avoided patent infringement by having springs that lacked the initial compression described in the patent. Resp. Br. 19 n.15, 36 n.23. That way, MDI contends, TrafFix and other competitors could have prevented MDI from developing secondary meaning in the configuration in which it practiced its patent, thereby preventing that configuration from qualifying for trade dress protection upon the expiration of the patent. The only catch, of course, is that these hypothetical sign stands with uncompressed springs would not have worked, because—as MDI explained in its patent—initial compression of the springs is a necessary feature of the invention. *See* Resp. Br. 3; L44, L48. If the sign stands do not work, they certainly would not have been effective in defeating the development of secondary meaning in the stands that do.[4]

II. THE RIGHT TO COPY EXTENDS TO THAT WHICH ENJOYED PROTECTION UNDER THE PATENT.

1. MDI contends that it is unclear what we mean when we say the right to copy extends to that which was "covered by" or the "subject" of a patent. Resp. Br. 35. We mean the same thing this Court means, when it regularly uses the same phraseology.[5] We mean the same thing MDI did, when it repeatedly asserted in its advertisements and trade literature that its WINDMASTER sign stands, and particularly the dual-spring feature, were "covered by" the pertinent patents. *See, e.g.*, L53, L56, L60, L75, L81, L85, L88, L89. And we give the same meaning to MDI's patents that MDI did, when it sued Winn-Proof for patent infringement for producing a sign stand indistinguishable from both MDI's WINDMASTER stand and the TrafFix stand at issue in this case. *See Sarkisian* v. *Winn-Proof Corp.*, 697 F.2d 1313 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983); Pet. Br. 6, 21-23, 1a. In short, the right to copy encompasses whatever enjoyed legal protection under the patent at issue.[6]

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expired patent, not that there is no right to copy in the absence of an expired patent. Quite apart from the existence of the patents, TrafFix would have been able to copy MDI's alleged trade dress because it is functional.

[4] MDI's response is also telling for what it reveals about the scope of a product configuration trade dress claim after expiration of a patent. MDI's trade dress claim does not depend upon whether its product incorporates all the limitations in the patent, such as the initial compression of the springs. MDI's position would thus allow patentees to obtain *broader* protection under trade dress law than they had enjoyed under patent law, and for perpetuity rather than for a limited period of years. Such a result raises serious questions under the Patent Clause.

[5] *See, e.g.*, *Bonito Boats*, 489 U.S. at 152 ("after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public"); *G. & C. Merriam Co.* v. *Syndicate Publ'g Co.*, 237 U.S. 618, 623 (1915) ("on the expiration of a patent there passe[s] to the public * * * the right to make the machine in the form covered by" the patent); *United States* v. *American Bell Tel. Co.*, 167 U.S. 224, 249 (1897) ("when a patent expires the invention covered by that patent shall be free to every one"); *Singer*, 163 U.S. at 185 (when a patent expires, "the right to make the thing formerly covered by the patent becomes public property" and the public acquires "the device covered by the patent").

[6] MDI argues that the "traffic-type" sign stands at issue in this case are different from the "business-type" stand depicted in its patents. *See* Resp. Br. 2, 3, 4. But MDI has always argued that the narrowly-spaced apart dual coil springs of its traffic sign stands are covered by the patents to the same extent as the further-spaced apart dual coil springs of its business sign stands. In the *Winn-Proof* litigation MDI argued that Winn-Proof's sign stands with narrowly-spaced coils "were slavish copies, from the standpoint of function, of the sign stand described and claimed in the Sarkisian patents." J.A. 236. *See also* J.A. 201 (arguing that "spaced-apart" limitation in patent claims was added to distinguish "concentrically mounted springs" and that "[t]he location and position of the coil springs on the accused [Winn-Proof] devices is in full accordance

Our approach, and that of the Solicitor General, implements the right to copy from an expired patent by focusing on what was covered by the patent. Simply put, if the asserted trade dress was entitled to patent protection during the term of the patent, it does not qualify for trade dress protection when the patent expires. The scope of the right to copy and the patent right to exclude are the same.

2. Discerning what features are protected by a patent is not a new burden or responsibility—manufacturers routinely confront that question in deciding whether to enter a particular market. The patent system is designed to facilitate a clear answer. *See Bonito Boats*, 489 U.S. at 162 (patent system "provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design"). In the *Winn-Proof* litigation, MDI specifically argued that its patents provided just this sort of notice. *See* J.A. 207-208, 226-227.

MDI claimed in its patents that its invention was a sign stand with "two spaced apart spring connections" which performed the function of permitting the sign to yield to the wind without twisting. Pet. App. 18a, 50a. MDI's trade literature focused on the "[p]atented dual-spring mount design" as it appears on the WINDMASTER traffic sign stands. L88. *See also* L89. That is the same feature it now

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with the meaning and scope of the term 'spaced-apart' in the Sarkisian patents"); 237. MDI's promotional materials depict the narrowly-spaced apart dual coil springs of the traffic sign stand and describe that feature as the "[p]atented dual-spring mount design" and the "patented spring-mount WindMaster design." L88, L89. *See also, e.g.*, L53, L56, L60, L75, L81, L85 (MDI assertions that its traffic stands with narrowly-spaced apart springs are "covered by" the patents at issue). It is far too late in the day for MDI to attempt to change its tune and suggest that the dual spring feature of its traffic sign stand is not claimed in its patents, and in fact MDI stops short of such an assertion. *See* Pet. Br. 5-6, 22-23; SG Br. 27-28 n.15.

seeks to protect as trade dress; the "two spaced apart spring connections" is the only aspect of its asserted trade dress claim that differs from its competitors' stands. Pet. App. 48a, 60a ("MDI's own references to its product effectively concede the fact that the dual spring configuration is the only element that sets MDI's alleged trade dress apart from that of its competitors."). Because that feature was covered by MDI's patents—a point MDI confirmed in its advertising and when it successfully prosecuted Winn-Proof for making a sign stand just like the TrafFix stand at issue here—the feature may not be protected as trade dress once the protection it enjoyed under the patent has expired.

This is a clear case, not only because the *Winn-Proof* litigation confirms that what MDI now seeks to protect under the guise of trade dress is precisely what it previously protected under its patents, but also because the form MDI seeks to protect as trade dress is precisely the form in which it practiced its claimed invention during the life of the patent. This Court has repeatedly recognized that the right to copy from an expired patent includes "the right to make [the article] in the form in which it was constructed during the patent." *Singer*, 163 U.S. at 185. *See also Kellogg*, 305 U.S. at 122 (same); *Sears*, 376 U.S. at 230 ("when the patent expires * * * the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public").

3. This is not to say that the right to copy encompasses incidental items that are not part of the invention itself. We agree with the Solicitor General that "where the element alleged as trade dress is only incidentally included in the patent or product, *i.e.*, where the feature is not a utilitarian part of the invention itself, there is no bar to trade dress protection." SG Br. 19-20. Thus, the purple bow shown on the patent drawing for a new type of chair (*see* Thomas & Betts Br. 23) could be protected as trade dress. It is plainly not part of the invention claimed in the patent. Because the

patentee would not be entitled by virtue of its patent to preclude competitors from placing a purple bow on their chairs for the life of the patent, the symmetry of the patent bargain does not require that the public be allowed to copy that ornamental feature once the patent expires. Extending trade dress protection to such a feature thus does not compromise the patent bargain or the constitutional mandate that patent protection be granted only for "limited Times."

Here, of course, the feature that MDI seeks to protect as trade dress is not an ornamental, incidental feature that is not part of the invention. What MDI claims as trade dress—the "dual-spring design" connecting the stand to the base, *see* Pet. Br. 7-8—*is* the invention. The springs are the feature claimed in the patent that makes the invention work—they are the reason the stands successfully resist the wind. *See* Pet. App. 18a; J.A. 220. That is what the patent discloses, and that is what MDI claimed when it prosecuted Winn-Proof for marketing a sign stand indistinguishable from the TrafFix stand at issue here. During the life of MDI's patents, MDI was entitled to—and, in the *Winn-Proof* litigation, *did* —enforce its patents to prevent a competitor from selling a dual-spring traffic sign stand that worked and looked like MDI's. Now that the patents have expired, the public is entitled to copy that same article.

MDI touted the superior performance of its "patented dual-spring mounted design" sign stand when that sign stand enjoyed patent protection, Pet. App. 55a; L88, and in the *Winn-Proof* litigation—when it suited it—MDI argued that its dual-spring design "achieved unique, beneficial, unexpected and surprising results." J.A. 195; *see id.* 224-226. If accepted, MDI's position would allow it to enjoy exclusive rights in its superior product in perpetuity, in direct contravention of the patent bargain, the express terms of the Patent Clause, and our Nation's "instinctive aversion to monopolies." *Graham* v. *John Deere Co.*, 383 U.S. 1, 7 (1966). MDI enjoyed those exclusive rights for the duration of its

patent. It must now live up to its side of the bargain and recognize that the invention is now public property.

There may, of course, be cases at the margin in which it is more difficult to determine whether a particular feature claimed as trade dress contributes to the operation of the invention claimed in the patent or instead is incidental ornamentation. But patent law has developed precise rules over the centuries to allow the public to ascertain what is claimed as an invention. MDI's approach would have patent protection turn on one set of rules, and the public's right to copy turn on another—the unwieldy and fluid "legal functionality" inquiry. The principle underlying the right to copy is clear: whatever is afforded patent protection passes to the public when the patent expires. In most cases, there will be no difficulty distinguishing between the purple bow tied to a chair and the underlying invention itself.

III. RESPONDENT'S "LEGAL FUNCTIONALITY" TEST WOULD ALL BUT ELIMINATE THE RIGHT TO COPY.

We have no quarrel with MDI's assertion that "[t]he functionality doctrine is an independent means by which trade dress protection can be denied." Resp. Br. 19. We explained in our opening brief that both Congress and this Court have invoked the concept of "functionality" to ensure that trademark law does not encroach on "the province of patent law." *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995). *See* Pet. Br. 30-33, 38-39. But trademark law's functionality doctrine can fulfill that role only to the extent it is based on a common sense understanding of functionality, so that a product that is the subject of an expired utility patent *is*—by virtue of the same utilitarian features that entitled the product to patent protection in the first place—*functional*. *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:89 (4th ed. 1996). The Solicitor General agrees, and has explained at length how the right to copy from expired patents comports with a

proper construction of the functionality doctrine, and why the asserted trade dress in this case is—as a matter of law—functional and thus not protected by the Lanham Act.

Respondent—relying largely if not entirely on a handful of recent lower court decisions—urges this Court to embrace the quite different concept of "legal functionality," which divorces functionality from utility and instead anchors it to "competitive need." *See* Resp. Br. 21 (distinguishing between "utility" and "legal functionality" and noting that "[t]hese two concepts are significantly different and should not be confused"); *id.* 33, 40 ("legal functionality" test asks whether "a design is necessary for effective competition"); Pet. App. 20a ("The appropriate question is whether the particular product configuration is a competitive necessity.").

MDI would define "legal functionality" and "competitive need" largely in terms of "available alternatives," and goes so far as to assert that this Court adopted "[t]he 'available alternatives test' for functionality" in *Qualitex*. Resp. Br. 20-21. The Court did not do so, and instead discussed functionality in more traditional terms, focusing on whether the feature in question was "useful." 514 U.S. at 164. As the Court explained, the purpose of the functionality doctrine is to prevent trademark law from "allowing a producer to control a useful product feature." *Id.* Certainly nothing in the Court's opinion remotely suggested that the right to copy from an expired patent should be revisited, that the right only exists when there are no "available alternatives" to the previously-patented invention, or that an elaborate factual inquiry was necessary to assess the range of such alternatives before a producer could safely exercise the right. In fact, the Court indicated just the opposite, reaffirming that "[i]t is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, * * * *after*

which competitors are free to use the innovation." *Id.* (emphasis added). *See* Pet. Br. 39-40; SG Br. 25-26.[7]

Under MDI's approach, what began as "a federal right to 'copy and to use,' " *Bonito Boats*, 489 U.S. at 165, becomes at the end of the day "at best, only one factor in a functionality analysis." Resp. Br. 21. *See also id.* 8 ("The existence of MDI's expired patents is irrelevant in this case"); *id.* 33 ("the existence of a patent has little, if any, relevance to the trade dress inquiry"). This dismissive approach to the right to copy from an expired patent replicates the position of the lower court that "troubled" and "puzzl[ed]" this Court in *Bonito Boats*, and compelled this Court to emphasize that a century of precedent "established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use.' " 489 U.S. at 164-165 (emphasis in original). MDI acknowledges that its "legal functionality" approach would eliminate that right "[i]n most cases." Resp. Br. 33.

That would certainly follow as a matter of practical application, if nothing else. Given the imprecision of the multi-factor "legal functionality" standard, no would-be competitor could ever have any confidence that it could exercise the right to copy from an expired patent, without incurring the very real risk of years of expensive litigation with an unpredictable outcome. *See* Pet. Br. 40-43; SG Br. 20-22. Such a result carries tangible costs, because "imitation and refinement through imitation" is "the very lifeblood

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[7] MDI's suggestion that Congress has also "endorsed" the " 'available alternatives test' for functionality" is just as fanciful. MDI cites a single sentence from a House Report as its sole support for this assertion. *See* Resp. Br. 20 n.16. The sentence is merely descriptive and can hardly bear the weight of establishing that Congress meant to override the right to copy that was an established feature of patent and unfair competition law when Congress enacted the Lanham Act. *See* SG Br. 24 n.11.

of a competitive economy." *Bonito Boats*, 489 U.S. at 146. *See* Pet. Br. 42-43. That was shown in this case, where TrafFix did not simply copy MDI's sign stand but improved upon it with patented refinements of its own. J.A. 253.

Our approach and that of the Solicitor General, in contrast —while not "absolute" along the lines of the straw man MDI attacks—does have the benefit of being "per se" in the following sense: when, as here, a device has clearly enjoyed utility patent protection, the public is entitled to copy and use the device when the patent protection expires—without regard to any asserted "trade dress" in the invention itself. That rule gives effect to the right to copy that this Court has repeatedly recognized and reaffirmed over the past century; it is grounded in our Nation's Constitution and history; and it gives effect to the patent bargain that has always underlay our patent system. It also squares with Congress's intent in enacting and amending the Lanham Act.

IV. THERE IS NO BASIS IN THE LANHAM ACT TO SUBORDINATE THE RIGHT TO COPY TO "LEGAL FUNCTIONALITY."

MDI makes a great deal out of how unfair competition laws and patent laws "have coexisted for centuries without conflict." Resp. Br. 8; *see id.* 10-12. But of course—in *Singer*, *Kellogg*, *Scott Paper*, *Sears*, *Compco*, and other cases —this Court held that unfair competition law had to give way to the public's right to copy. Those decisions are important and controlling in their own right, particularly given their reaffirmation in *Bonito Boats*. But they are also significant in construing the scope of the Lanham Act. As we have explained (Pet. Br. 28-29), every indication is that Congress sought to codify the understanding reflected in cases such as

Singer, *Kellogg*, and *Scott Paper* when it enacted the Lanham Act. *See also* SG Br. 16-19 & n.7.[8]

MDI and its amici have little or nothing to say in response to our argument that Congress did not intend for the Lanham Act to confer trade dress protection on products that are the subject of expired utility patents. In interpreting the Lanham Act, MDI and its amici would give absolutely no weight to the fact that when it was enacted, and until the recent phenomenon of "product configuration trade dress," it was understood as a result of this Court's decisions and the patent laws and policies that the public enjoys the right to copy from expired patents. The Lanham Act and patent laws existed harmoniously until courts expanded the concept of trade dress beyond product packaging or dressing to the product itself.

It is that concept of "product configuration trade dress" that has forced the issue in this case, and threatens to disrupt the manner in which patent law and unfair competition law have coexisted for centuries. To accommodate this new and expansive notion, MDI asks this Court to effect a dramatic shift in patent law and unfair competition law (as now codified in the Lanham Act), extending unfair competition law into a realm that historically has been kept off limits by

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[8] The Solicitor General proposes that Congress expected the result in *Singer* and its progeny to be preserved through the functionality doctrine, and that any approach to functionality that effectively overturns *Singer* and its progeny cannot be reconciled with Congress's intent or the rules of statutory construction. *See* SG Br. 22-24. We agree, but also believe that the Lanham Act left *Singer* and its progeny intact as a matter of substantive patent law. Under either approach, however, the result is the same: whatever is afforded protection under the patent passes, as a matter of substantive patent law, to the public when the patent expires. And exclusive rights thereto cannot be resuscitated under the Lanham Act, just as they could not under the unfair competition and trademark law the Lanham Act codified.

this Court. But the growth of the concept of product configuration trade dress has largely been the work of some lower federal courts over the past two decades—not Congress. This Court should not alter the balance carefully struck in a line of cases running from *Singer* through *Kellogg*, *Scott Paper*, *Sears*, *Compco*, and *Bonito Boats* without any indication from *Congress* that it intends such a wholesale restructuring in the name of promoting product configuration trade dress—even at the expense of basic principles underlying the patent bargain.

V. MDI'S PARADE OF HORRIBLES IS NOT SO FRIGHTENING.

MDI conjures up a parade of horribles that it contends would flow from recognizing the right to copy from an expired patent. The fact that the right has been recognized for over a century without the dire consequences predicted by MDI detracts considerably from the force of its argument.

1. MDI's suggestion that acceptance of TrafFix's position would cause manufacturers to forego patent protection—and the beneficial public disclosure patent law requires—in favor of securing trade dress rights, Resp. Br. 38, cannot be taken seriously. In the first place, it is difficult to imagine a manufacturer willing to give up the legal right to exclude all other competitors for 20 years to pursue the hope that it could develop sufficient secondary meaning in a configuration to mount an uncertain trade dress claim before other competitors step in with copies of the purported invention. Second, the functionality doctrine still applies to trade dress claims, and would certainly compromise efforts to secure such protection for a product configuration that would also qualify for patent protection.

2. Nor is MDI correct that such distinctive shapes as the Coke bottle or the Volkswagen "Beetle" would suddenly lose their eligibility for trade dress protection if this Court were to reaffirm its holdings in *Singer*, *Kellogg*, and *Bonito Boats*.

Resp. Br. 38-39. MDI's argument is *not* that these features are covered by a patent or have enjoyed patent protection, and are therefore ineligible for further protection under the guise of trade dress under our theory. It is instead that these features appear incidentally in patents claiming as an invention some method or other feature. Thus, the Coke bottle appears in a patent for a method of affixing a label, and the Beetle in a patent for a dashboard grille. Resp. Lodging 5, 6. As we have explained, because such incidental appearance does not entitle the Coke bottle or Beetle to patent protection during the life of the patent, it also does not confer on the public a right to copy when the patent expires. *See supra* at 4, 9-11.

3. MDI's contention that our position "would turn trade dress cases into patent cases requiring claim interpretation as a prerequisite in determining the availability of trade dress protection," including "at least * * * a *Markman*-type hearing," Resp. Br. 1, 36, is wrong. This case proves it. No "*Markman*-type hearing" is necessary here to reject MDI's trade dress claim, when MDI itself asserted that what it now seeks to protect as trade dress was covered by its patents—both through labeling, *see*, *e.g.*, L88-L89, and litigation, *see Sarkisian* v. *Winn-Proof Corp.*, *supra*. Such consideration of the conduct of the entity seeking trade dress protection—not a *Markman*-type hearing—should typically suffice to decide most cases.

4. MDI takes a Socratic approach at the end of its brief, but its contention that reaffirming the century-old public right to copy would raise "several significant issues" is just a last-ditch effort to kick up dust.[9] None of the questions MDI

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[9] Briefly, the answers to MDI's queries (Resp. Br. 40-41): (1) If the producer could have gone into court armed with its patents and prevented a competitor from selling the asserted "product configuration" trade dress during the life of the patents, then the right to copy attaches to that product configuration when the patents

poses is remotely presented by this case. A more fundamental one is: if the right to copy the subject of an expired patent is not triggered in this case—when the patent holder explicitly claimed that the feature to be copied was covered by its patents and successfully sued to enjoin copying of the feature during the life of the patent—when would the right ever be found to exist? And if the answer to that question depends upon the application of a fact-intensive, multi-factor "legal functionality" test, what then is left of the right?

* * *

The dual-spring traffic sign stands at issue in this case—which appear along highways across America—are scarcely the sort of "trade dress" that typically comes to mind. While the stands take a particular form, their form is a product of their intended function, especially when it comes to the key dual-spring base. All agree that MDI's invention achieves dramatic results in staying upright in extreme conditions. MDI had a 17-year monopoly on that invention and used it to

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expire; (2) These facts do not make a difference. No one can secure trade dress protection for that which was protected by a patent because the right to copy is a public right; (3) The same standards used in determining whether a product is entitled to patent protection in the first place; (4) The policy may apply more broadly, but is clearly and directly implicated here because of the patent bargain; (5) In the absence of a patent a configuration will usually be copied before it acquires secondary meaning. But the answer is yes, because of the patent bargain. As for improvements, *see* SG Br. 20 n.8; (6) Competitors can seek to patent items that others might claim as trade dress, but they probably would not succeed in obtaining the patents; and (7) Design patents may present a different case, because they do not protect utilitarian products or features but rather ornamental designs. At the same time, it seems perfectly reasonable to apply the patent bargain and require a designer to forego future trade dress protection in exchange for the benefits of immediate, 20-year patent protection.

great commercial effect; now that its patents have expired, the public should be free to copy and use MDI's invention and, as TrafFix did, improve on it. That is the familiar cycle of innovation, imitation, and refinement through imitation that our Nation's Constitution and laws have always permitted and, indeed, promoted.

CONCLUSION

For the foregoing reasons, and those in petitioner's opening brief, the judgment below should be reversed.

Respectfully submitted,

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Supreme Court, U.S.
FILED
AUG 24 2000

No. 99-1571

In the Supreme Court of the United States

TRAFFIX DEVICES, INC., PETITIONER

v.

MARKETING DISPLAYS, INC.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE SUPPORTING PETITIONER

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QUESTION PRESENTED

Whether and to what extent a party may maintain a trade dress infringement action under the Lanham Act, 15 U.S.C. 1051-1127 (1994 & Supp. IV 1998), to challenge the copying of product features after a utility patent covering the features has expired.

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INTEREST OF THE UNITED STATES

The United States has a strong interest in protecting the pro-inventive policies of the patent system, as well as the procompetitive policies of the trademark and antitrust laws. In addition, the United States Patent and Trademark Office must determine the registrability of proposed trademarks, including product designs claimed as trade dress.

STATEMENT

1. This Nation's patent laws have long represented a "carefully crafted bargain for encouraging the creation and disclosure of new, useful, and non-obvious advances in technology." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 146, 150-151 (1989). To encourage innovation, the inventor of a new and useful advance is given "the exclusive right to practice the invention for a period of years." *Id.* at 151. In exchange, the inventor must disclose how to make the invention, 35 U.S.C. 112, so that, after the patent expires, "the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use." *United States* v. *Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933).

The Trademark Act of 1946 (the Lanham Act), ch. 540, 60 Stat. 427, as amended, 15 U.S.C. 1051 *et seq.*, provides a federal system for the registration, protection, and regulation of trademarks, which the Act defines as "any word, name, symbol, or device, or any combination thereof [used or intended to be used] to identify and distinguish [a producer's] goods * * * from those manufactured or sold by others." 15 U.S.C. 1127. The term trademark extends to "trade dress," which has come to include not only a product's packaging but also its "total image and overall appearance" if those serve to identify the producer. *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (1992); *Wal-Mart Stores, Inc.* v. *Samara Bros.*, 120 S. Ct. 1339, 1343 (2000). By regis-

tering an eligible mark with the United States Patent and Trademark Office, a person may obtain the exclusive right to use that mark. 15 U.S.C. 1114 (1994 & Supp. IV 1998). Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), also extends protection to unregistered marks, creating a cause of action against anyone who uses in commerce "any word, term, name, symbol, or device, or any combination thereof" that "is likely to cause confusion * * * as to the origin * * * of his or her goods." 15 U.S.C. 1125(a).

Unlike patent law, the Lanham Act is not designed to encourage invention. Instead, it helps consumers identify the source of goods. "[B]y preventing others from copying a source-identifying mark," the Act "reduce[s] the customer's costs of * * * purchasing decisions" because the appearance of a mark on an item "quickly and easily assures a potential customer that" the item "is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 163-164 (1995) (internal quotation marks omitted). Protecting trademarks also encourages product quality, because it "helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product." *Id.* at 164.

2. Respondent manufactures and sells portable, spring-mounted, wind-resistant stands for traffic signs under the WINDMASTER trademark. Pet. App. 2a, 26a. In 1972, respondent's president obtained two utility patents (Nos. 3,662,482 and 3,646,696, hereinafter the '482 and '696 patents) on a sign display device. The patented device consists of an unanchored base to which "two spaced apart" upright spring connections of specified rigidity are mounted; those springs are attached to an upright bar or member, which supports the sign to be displayed. 971 F. Supp. at 277 (photo); '482 Patent at 4 (claim 1). The springs permit the sign to yield to the wind and thus make it less susceptible to tipping over. The use of two springs prevents the sign from

"twisting" on its frame. Pet. App. 2a, 18a; '482 Patent at 1 (summary), 5 (claim 1).

Shortly after respondent's patents expired, petitioner reverse engineered the WINDMASTER sign and began selling its own version. Pet. App. 3a. Petitioner also improved on the design, creating and patenting a "quick release" mechanism. J.A. 253. The TrafFix Devices brand name appears on all of petitioner's stands. *Ibid.*

Respondent filed this trade dress infringement action under the Lanham Act, seeking to preclude petitioner from using its design.[1] Respondent claimed that the *design* of its sign—consisting of "(a) a relatively narrow base member; (b) a pair of vertically arranged closely spaced coil springs attached to the base member; (c) a plurality of leg members attached to the base member * * *; (d) an upright member attached to the coil springs; and (e) a sign attached to the upright member"—is trade dress that identifies the sign as made by respondent. Pet. App. 29a. The district court observed that respondent was required to prove, among other things, that "the appropriated features of the trade dress are primarily non-functional." *Id.* at 32a, 48a. The court, however, found that "the only significant distinction in appearance" between respondent's stand and those of its competitors "is the vertical dual-spring design or configuration," since each of the competing stands "includes the other four features." *Id.* at 48a.

Focusing on the dual-spring design, the district court concluded that respondent could not show that its alleged trade dress was "primarily non-functional." Pet. App. 46a-55a. The court observed that, in patent enforcement litigation, respondent had asserted that the dual-spring mecha-

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[1] Respondent also sought to enjoin petitioner from using the name WINDBUSTER because it was similar to respondent's WINDMASTER mark. The district court granted the injunction, Pet. App. 68a-93a, the court of appeals affirmed, *id.* at 4a-12a, and petitioner did not seek further review.

nism enables the sign "to be stable against tipping under high wind conditions" by permitting it "to deflect in a direction along the longitudinal axis" while preventing the sign from "twisting." *Id.* at 50a-51a. The court found that the "utility patents are especially strong evidence of the usefulness of the dual-spring design." *Id.* at 55a.

3. The court of appeals reversed in relevant part. Pet. App. 1a-24a. The court agreed that the "two spaced apart spring connections" enable the sign to yield to the wind while "prevent[ing] twisting of the sign frame." *Id.* at 18a. And the court noted that federal courts are divided on the extent to which an expired utility patent "forecloses trade dress protection." *Ibid.* The court concluded, however, that "[s]o long as it is possible to protect the appearance" of the sign stand "without protecting the design, a per se rule is not necessary." *Id.* at 19a.

In this case, the court of appeals suggested, it might be possible to protect respondent's trade dress without foreclosing use of vertically arranged coil springs. Any competitor who uses dual coil springs, the court stated, could be required to use leg members other than the straight ones used by respondent (such as "U-shaped" leg members) or "other uprights (twin poles, A-shaped, etc.)" to "create an entirely different look altogether." Pet. App. 19a. "It takes little imagination," the court continued, "to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism." *Ibid.* The court also stated that "other competitors * * * avoid emulating" respondent's trade dress by not using the dual spring design; petitioner must do likewise, the court stated, or "find *some other way* to set its sign apart to avoid infringing [respondent's] trade dress." *Id.* at 20a.

The court of appeals rejected the district court's conclusion that protecting respondent's stand design as trade dress "would put its competitors at a disadvantage beyond the merely reputational," even though the district court had found the design to be one of a limited number of superior

designs. Pet. App. 20a; *id.* at 53a. "The appropriate question," the court stated, "is whether the particular product configuration is a competitive necessity." *Id.* at 20a. Here, the court indicated, respondent's design may not be a competitive necessity. *Id.* at 20a-21a. Although the equally effective competing designs are patented, the court suggested that petitioner "could come up with its own design, or license one of the outstanding patents, or use the dual-spring design in a way that does not infringe [respondent's] trade dress." *Id.* at 21a.

SUMMARY OF ARGUMENT

In enacting the Lanham Act in 1946, Congress acted against a legal background that featured two related and well-established principles. First was the principle that, under federal patent law, utilitarian conceptions "placed before the public without the protection of a valid patent" are in the public domain and thus "subject to appropriation without significant restraint." *Bonito Boats*, 489 U.S. at 156. The second was the "functionality" doctrine of trademark law, which bars utilitarian features—*i.e.*, features that affect the goods' "purpose, action, or performance, or the facility or economy of processing, handling, or us[e]"—from being withdrawn from the public domain as trade dress. Restatement of Torts § 741(b)(ii), at 623, § 742, at 628-629 & cmt. a (1938) (1938 Restatement); see also *Qualitex*, 514 U.S. at 164.

In our view, the functionality doctrine—properly construed in light of its important role in ensuring that useful features are withdrawn from the public domain only pursuant to valid (and temporally finite) patents—precludes respondent's trade dress claim. Where, as here, an expired utility patent discloses that the feature alleged as trade dress contributes to the operation of the formerly patented device, the feature must be considered "functional" for purposes of the Lanham Act and thus ineligible for trade dress protection. That conclusion is consistent with this Court's

repeated recognition that patent law accords the public the right to copy utilitarian conceptions in expired patents, and serves the interests of judicial economy. Looking to the scope of the patent claims will often permit courts to determine the functionality of features in expired patents without resort to extensive proceedings or difficult and nuanced tests. Such a clear standard is necessary to ensure that trade dress litigation— or the threat thereof—does not undermine the substantive goal of patent law, which is to ensure that unpatented innovations may serve as building blocks for further advances.

ARGUMENT

TRADE DRESS PROTECTION DOES NOT EXTEND TO UTILITARIAN FEATURES SHOWN TO BE FUNCTIONAL BY AN EXPIRED UTILITY PATENT

The Lanham Act seeks "to codify and unify the common law of unfair competition and trademark protection." *Inwood Labs.* v. *Ives Labs.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring); *Two Pesos*, 505 U.S. at 785 (Thomas, J., concurring).[2] In particular, Section 43(a) of the Lanham Act prohibits competitors from using a trademark or trade dress that is "likely to cause confusion * * * as to the origin" of goods. 15 U.S.C. 1125(a). In enacting the Lanham Act, Congress acted against a background of (and incorporated) two related and well-established principles: first, the long-standing rule that, under federal patent law, publicly disclosed utilitarian conceptions unprotected by patent are in the public domain to be exploited and used as building blocks for further innovation by all; and second, the traditional functionality doctrine, which ensures that trademark protection does not interfere with competition, and which helps define the separate domains of patent and trademark law by preventing the latter from withdrawing useful conceptions from the public domain in perpetuity.

[2] The Lanham Act consolidated the 1905 Trademark Act and other "scattered" trademark laws into one statute. S. Rep. No. 1333, 79th Cong., 2d Sess. 3, 5 (1946). The Act's legislative history noted that "[t]here is much that is good" under present law and expressed an intent to "preserve[] the things which have demonstrated their usefulness." *Id.* at 3. At the same time, Congress did alter some common law rules "to 'dispense with mere technical prohibitions,'" *Qualitex*, 514 U.S. at 171 (quoting S. Rep. 1333, *supra*, at 3), such as by permitting registration of descriptive marks (if they have acquired secondary meaning), *ibid.* Where Congress altered existing law, however, it did so explicitly. See, *e.g.*, *ibid.*

In our view, the functionality doctrine resolves this case. Although that doctrine is sometimes difficult to apply, its application is not difficult in cases like this one. In particular, where an expired utility patent shows that the features alleged as trade dress contribute to the operation of the claimed invention, those features must be considered "functional" and thus ineligible for Lanham Act protection. The contrary conclusion would abridge the fundamental patent-law principle that utilitarian conceptions unprotected by patent are in the public domain and may be copied by all.

A. Patent And Trademark Law Guarantee The Right To Copy Publicly Disclosed Utilitarian Product Designs Not Protected By Patent

1. Patent law represents a carefully calibrated balance between the need to encourage "the creation and disclosure of new, useful, and non-obvious advances in technology," *Bonito Boats*, 489 U.S. at 151, and the "ultimate goal" of ensuring that those advances eventually enter the public domain for public use and benefit, *id.* at 151, 157. Accordingly, although patent law gives inventors "the exclusive right to practice the invention for a period of years," *id.* at 151, it conditions that grant on disclosure of how to make the invention, so that "the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use" once the patent expires. *Dubilier Condenser Corp.*, 289 U.S. at 186-187. See also Patent Act of 1790, ch. 7, 1 Stat. 110 (requiring disclosure of how to

"make, construct, or use the" invention "to the end that the public may have full benefit thereof, after the expiration of the patent term"). Thus, "bring[ing] new designs and technologies into the public domain" is "the ultimate goal of the patent system," *Bonito Boats*, 489 U.S. at 151.

To achieve that end, patent law has long required that unpatented utilitarian conceptions, once publicly disclosed, be available for public use notwithstanding other claims to protection. See *Bonito Boats*, 489 U.S. at 157. Indeed, the effectiveness of patent law in encouraging significant advances over prior art, and disclosure of those advances, depends "almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations." *Id.* at 151. It is fundamental that unpatented utilitarian conceptions be available "as the building blocks of further innovation." *Ibid.* Thus, "the efficient operation of the federal patent system depends upon substantially free trade in publicly known, unpatented design and utilitarian conceptions." *Id.* at 156.

Concomitantly, this Court has consistently recognized that the expiration of a patent affords the public a virtually unrestricted right to copy the invention. Thus, in 1896, this Court rejected a claim of unfair competition based on the similarity of two designs, declaring:

> [O]n the expiration of a patent * * * the right to make the thing formerly covered by the patent becomes public property * * * [and] there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Singer Mfg. Co. v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896). See also *Coats* v. *Merrick Thread Co.*, 149 U.S. 562, 572 (1893) (patentees could not, under trademark law, "claim a monopoly" on the design "beyond the life of the patent"); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 119-120 (1938) (concluding that, "upon expiration of the patent[], the form" of the product "was dedicated to the public").

After the Lanham Act was enacted in 1946, this Court adhered to that rule, invalidating state laws that attempted to grant exclusive rights in utilitarian features that, as a matter of patent law, are in the public domain. In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), for example, the Court held state unfair competition law to be pre-empted insofar as it purported to bar one company from copying and selling nearly exact copies of an unpatented lamp design created and popularized by another. Competitors, the Court declared, "had every right" to engage in such copying and selling "under the federal patent laws." *Id.* at 231. The Court reached the identical conclusion in *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964).

More recently, in *Bonito Boats*, this Court invalidated a Florida law that barred the copying of an unpatented boat hull design. "[W]e have consistently reiterated the teaching of *Sears* and *Compco*," the Court stated, "that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint." 489 U.S. at 156. The Court also rejected the assertion that patent law says "nothing about the right to copy or the right to use." *Id.* at 164. "For almost 100 years," the Court explained, "it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use.'" *Id.* at 165.

2. The rule that unpatented utilitarian conceptions cannot be withdrawn from the public domain—and are freely available for all to copy, refine, and use—has long been a feature of substantive trademark and unfair competition law as well. The common law accomplished that goal (and ensured that trademarks would not inhibit robust competition) through a sharp distinction between the *trademark* (used to identify the source) on the one hand and the *product* or its *packaging* on the other. "[I]t was long the rule that a trademark must be something other than, and separate from, the merchandise to which it is applied." *In re Morton-Norwich*

Prods., 671 F.2d 1332, 1336 (C.C.P.A. 1982); W. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119, 122 (1997). As courts began protecting product packaging and later product designs as trade dress, however, they employed the doctrine of "utilitarian functionality" to those same ends, *i.e.*, to protect competition and "accommodate trade dress law to the policies of patent law." 1 J. McCarthy, *Trademarks and Unfair Competition* § 7.63, at 7-137 (4th ed. 2000).

Under the functionality doctrine, a product feature may be protected as trade dress if it primarily serves to designate the producer. If the feature is functional in a utilitarian sense, however, it cannot be protected except by patent. The 1938 Restatement of Torts (§ 741(b)(ii), at 623 & 628, cmt. j) thus observed that, so long as proper labeling is employed, the copying of functional features—even those that have acquired meaning as "an indication of the source"—is permitted. A feature is considered functional, the Restatement explained, if it "affects [the goods'] purpose, action, or performance, or the facility or economy of processing, handling, or us[e]." *Id.* § 742, at 628-629 & cmt. a. Thus, functionality traditionally has depended on "practical, engineering-type considerations such as making the product work more efficiently, with fewer parts and longer life, or with less danger to operators, or be shaped so as to reduce expenses of delivery or damage in shipping." 1 McCarthy, *supra*, § 7:64, at 7-140 to 7-141.

Consistent with its origins, the functionality doctrine has long served—in addition to and in congruity with its role of protecting competition—a specific purpose of keeping the domains of patent and trademark law distinct. It ensures that, if "there is to be an exclusive right for functional features, such protection can only be gained by utility patent protection limited in time, not perpetual protection under trademark law." 1 McCarthy, *supra*, § 7:64, at 7-141. As one court explained in 1911:

> If one manufacturer should make an advance in effectiveness of operation, or in simplicity of form, or in utility of color; and if that advance did not entitle him to a monopoly by means of a * * * patent; and if by means of unfair trade suits he could shut out other manufacturers [from] the benefits of the unpatented utilities, * * * he would be given gratuitously a monopoly more effective than that of the unobtainable patent in the ratio of eternity to 17 years.

Pope Automatic Merchandising v. *McCrum-Howell Co.*, 191 F. 979, 981-982 (7th Cir. 1911), cert. denied, 223 U.S. 730 (1912). Before the Lanham Act was enacted, courts regularly invoked functionality to ensure that trademark and unfair competition law would not intrude on the principles of patent law by withdrawing from the public domain those useful conceptions that patent law renders *publici juris*.[3] This Court, indeed, employed functionality to that very end more than 60 years ago, rejecting efforts to assert trade dress rights in the shape of a product after expiration of the patent. *Kellogg*, 305 U.S. at 122 (rejecting unfair competition claim based on copying of "pillow-shaped" shredded wheat biscuit); see *Qualitex*, 514 U.S. at 165.

Although the Lanham Act did not explicitly mention functionality until 1998, see pp. 24 n.11, 29, *infra*, federal courts understood that the doctrine limits the scope of protection available under that Act—ensuring that trademark law does not intrude on the domain of patent law—long before. See 1 McCarthy, *supra*, § 7.63, at 7-137. See, *e.g.*, *Sylvania Elec. Prods.* v. *Dura Elec. Lamp Co.*, 247 F.2d 730,

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[3] See, *e.g.*, *In re National Stone-Tile Corp.*, 57 F.2d 382, 383 (C.C.P.A. 1932); *Goodyear Tire & Rubber Co.* v. *Robertson*, 18 F.2d 639, 641 (D. Md. 1927), aff'd, 25 F.2d 833, 834 (4th Cir. 1928); *U.S. Elec. Mfg. Corp.* v. *Bright Star Battery Co.*, 6 N.Y.S.2d 690, 691 (1938); *James Heddon's Sons* v. *Millsite Steel & Wire Works, Inc.*, 128 F.2d 6, 13 (6th Cir.), cert. denied, 317 U.S. 674 (1942); *J.C. Penney Co.* v. *H.D. Lee Mercantile Co.*, 120 F.2d 949 (8th Cir. 1941); *In re Dennison Mfg. Co.*, 39 F.2d 720 (C.C.P.A. 1930).

732 (3d Cir. 1957) (purpose of rule is "obviously to prevent the grant of perpetual monopoly by * * * trade-mark in the situation where a patent has either expired, or * * * cannot be granted"); *Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d 1571, 1580 (Fed. Cir. 1995) ("[P]atent law, not trade dress law, is the principal means for providing exclusive rights in useful product features."). This Court too recognized the importance of that doctrine under the Lanham Act well before the term "functionality" appeared in it. See, *e.g.*, *Inwood Labs.*, 456 U.S. at 850 n.10. In 1995, the Court explained:

> The functionality doctrine prevents trademark law * * * [from] inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

Qualitex, 514 U.S. at 164-165.

B. Features Disclosed To Have Utility In An Expired Patent Are Not Protected As Trade Dress Under The Lanham Act

Although functionality analysis is sometimes difficult to apply, see McLean, *supra*, at 125; 1 McCarthy, *supra*, § 7:67, at 7-147, in the context of an expired utility patent its application is often straightforward. Where, as here, the expired patent includes as part of the claimed invention the feature alleged to be trade dress, or the patent's specifications or enforcement otherwise show that the feature contributes to the device's operation, it must be considered "functional" under the Lanham Act and thus ineligible for trade dress

protection. In other words, assertions of utility within the scope of the patent should be dispositive as to functionality. That conclusion follows from the purpose and traditional definition of functionality; ensures consistency and conformity with patent-law principles; and serves important policy interests.

1. The functionality doctrine serves to prevent one producer from obtaining control over "a useful product feature" under trademark law, because the exclusive right to such a feature must be obtained, if at all, only for a limited time under patent law. *Qualitex*, 514 U.S. at 164. In our view, the assertion that a feature has utility in the scope of a patent—*i.e.*, a patent claim or specification indicating that the feature contributes to the operation of the patented device—is ordinarily dispositive evidence that the feature is "useful" and thus can be protected only by patent. Traditionally (and at the time the Lanham Act was passed), a feature has been considered functional if it "affects [the device's] purpose, action, or performance, or the facility or economy of processing, handling, or us[e]," 1938 Restatement § 742, at 628-629 & cmt. a, or if it influences "cost or quality," *Qualitex*, 514 U.S. at 165, 169. Where the feature is claimed as part of the patented device, or the patent otherwise shows the feature's usefulness in the scope of the device, the feature necessarily meets that definition. Indeed, since the requirements for patent protection (such as the requirement of a significant advance over prior art, 35 U.S.C. 102, 103 (1994 & Supp. IV 1998)) are more demanding than the test of functionality (even small advances may be functional), a patent claim for a feature generally makes functionality an *a fortiori* conclusion. For the same reason, such a feature is also "essential to the use or purpose" of the invention. See *Qualitex*, 514 U.S. at 165, 169. Without the feature, the invention would not operate the same way (or perhaps at all).

Accordingly, courts have often recognized that a patent "disclosing the primary functional significance of [a] config-

uration" claimed as trade dress "incontrovertably establishes primary functionality" and "suffices" to justify summary judgment. *Best Lock Corp.* v. *Schlage Lock Co.*, 413 F.2d 1195, 1199 (C.C.P.A. 1969); *In re Shanango Ceramics, Inc.*, 362 F.2d 287, 291 (C.C.P.A. 1966) (similar); *Disc Golf Ass'n* v. *Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) ("expired utility patent is weighty evidence of functionality"); Restatement (Third) Unfair Competition § 17, at 174, cmt. b (1995) ("particularly persuasive evidence of functionality"); 1 McCarthy, *supra*, § 7:89, at 7-224 ("a valid functional patent disclosing the utilitarian advantages" of the feature "is very strong, if not conclusive, evidence of [its] functionality"). Some courts have concluded that a "kind of estoppel" arises, precluding patentees from arguing "that a shape is functionally advantageous in order to obtain a utility patent [but] later assert[ing] that the same shape is nonfunctional in order to obtain trademark protection." *Disc Golf*, 158 F.3d at 1008 (quoting 1 McCarthy, *supra* § 7:89, at 7-208).

Of course, mere mention of a feature in a patent does not necessarily establish functionality, since "many nonfunctional shapes and configurations happen to be described or pictured as an incidental detail in functional patents." 1 McCarthy, *supra*, § 7:89, at 7-227; *Best Lock*, 413 F.2d at 1199 ("patent may not be evidence of functionality in regard to" arbitrary features "disclosed in the patent but which are not attributed any functional significance"). But where careful examination reveals that the feature is a utilitarian part of the patented invention, the patent is irrefutable evidence of functionality. See *Disc Golf*, 158 F.3d at 1006; 1 McCarthy, *supra*, § 7:89, at 7-227.

That was settled trademark law before the Lanham Act was passed. In *Sparklets Corp.* v. *Walter Kidde Sales Co.*, 104 F.2d 396, 399 (C.C.P.A. 1939), for example, the court rejected a trade dress claim for a "groove" included in the product because an expired patent made it "perfectly evi-

dent that the groove was at least believed by the patentee to have utility at the time of making application," leaving the court "unable to escape the conclusion that the groove as an entity possessed utility and, for that reason * * * is not a proper subject for registration as a trade-mark." Other courts repeatedly reached similar conclusions. See *J.A. Scriven Co.* v. *W.H. Towles Mfg. Co.*, 32 App. D.C. 321 (1909); *Daniel* v. *Electric Hose & Rubber Co.*, 231 F. 827, 834 (3d Cir. 1916). There is every reason to believe that the Lanham Act—an effort "to codify and unify the common law of unfair competition and trademark protection," see p. 6 & n.2, *supra*—was designed to incorporate (or at least not intended to repudiate) that pre-existing principle. See *Astoria Fed. Sav. & Loan Ass'n* v. *Solimino*, 501 U.S. 104, 108 (1991) (courts presume Congress "has legislated with an expectation that" well-established principles "will apply except when a statutory purpose to the contrary is evident") (internal quotation marks omitted). The United States Patent and Trademark Office (USPTO) also views claims of utility in an expired utility patent as generally fatal to efforts to register a feature as a trademark, even though it formally employs a four-factor test.[4]

2. That approach is necessary to ensure that trade dress protection under the Lanham Act does not provide perpetual protection for unpatented utilitarian conceptions that, as a

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[4] The USPTO looks to the factors identified in *Morton-Norwich*, 671 F.2d at 1341, as required by the Federal Circuit and its predecessor courts. See Trademark Manual of Examining Procedure § 1202.03(a)(iii) (2nd ed. 1993, rev. ed. 1997). The factors are (1) "the existence of an expired utility patent which disclosed the *utilitarian advantage of the design* sought to be registered as a trademark;" (2) whether the inventor "touts its utilitarian advantages through advertising;" (3) whether "there are other alternatives available;" and (4) whether "a particular design results from a comparatively simple or cheap method of manufacturing the article." 671 F.2d at 1341. Accord *Disc Golf*, 158 F.3d at 1006 (similar test). In cases like this one, where an expired utility patent exists, the first *Morton-Norwich* factor is almost always dispositive.

matter of patent law, are in the public domain. See *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996) ("the policies underlying patent law dictate the denial of trademark protection to a product configuration that has been claimed as part of a utility patent * * * if the configuration is functional within the context of the utility patent"); *Vornado Air Circulation Sys.* v. *Duracraft Corp.*, 58 F.3d 1498, 1510 (10th Cir. 1995) ("[W]here a disputed product configuration is * * * a described, significant inventive aspect of" the invention claimed in the expired patent, "patent law prevents its protection as trade dress."), cert. denied, 516 U.S. 1067 (1996). Indeed, as this Court has observed, any law that withdraws utilitarian features from the public domain may "conflict with the very purpose of the patent laws by decreasing the range of ideas available as the building blocks of further innovation." *Bonito Boats*, 489 U.S. at 151. Protecting the operational features disclosed in expired utility patents would certainly have that effect. It is, after all, "no great trick to build up secondary meaning in a product configuration if [competitors] are kept from utilizing that configuration for 17 years by the sword and shield of patent protection." *Zip Dee*, 931 F. Supp. at 615. Consequently, protecting features shown to be functional by an expired patent as trade dress would convert patents into a "springboard for converting a legislatively-created" limited-duration patent "monopoly into a court-enforced permanent monopoly" under the Lanham Act—"an impermissible" intrusion on the patent-law goal of placing publicly disclosed inventions in the public domain. *Ibid.*; see *Vornado*, 58 F.3d at 1508 ("the inventor's supply of ideas itself and freedom to experiment with them" would be diminished by such trade dress protection). Indeed, respondent's design here served as a building block for petitioner's now-patented quick-release mechanism. J.A. 252-253.

More fundamentally, this Court has held that, "in the case of an expired patent," patent law creates not only "a federal

right to 'copy and to use,'" *Bonito Boats*, 489 U.S. at '65, but also "the right to make [the article] in the form in which it was constructed during the patent" notwithstanding a claim to trade dress protection, *Singer Mfg. Co.*, 163 U.S. at 185. See also *Kellogg Co.*, 305 U.S. at 122; *Sears*, 376 U.S. at 230; *Bonito Boats*, 489 U.S. at 164-165; pp. 7-9, *supra*. Correctly applied, the functionality doctrine ensures consistency between the Lanham Act and that well-settled body of law. In particular, by deeming useful parts of the invention to be "functional" for purposes of the Lanham Act—thus making them ineligible for perpetual trade dress protection—the doctrine ensures that the Lanham Act does not withdraw from the public domain those features that, as a matter of patent law, are dedicated to the public. There is, moreover, no evidence that the Lanham Act, which was largely designed to consolidate and unify existing common law trademark and unfair competition doctrines, was intended to overturn the result in *Singer* and its progeny by providing federal trade dress protection where patent law otherwise barred it. See *Astoria*, 501 U.S. at 108. See also *United States* v. *Wells*, 519 U.S. 482, 495 (1997) (Court presumes "that Congress expects its statutes to be read in conformity with this Court's precedents"). To the contrary, Representative Lanham indicated that the functionality doctrine would continue to perform its traditional role of ensuring that utilitarian conceptions will not be withdrawn from the public domain as trade dress in contravention of patent-law principles.[5]

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[5] Responding to concerns that trademark law might accord one competitor trade dress rights in a useful design, such as a trademark tire balancer, or the shape of a package that permits it to be shipped by boat or truck, *Trade-marks: Hearings Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 73, 74 (1944), Representative Lanham stated that, "when you get into the matter of functions, you get into the field of patents, and * * * a trademark is not used to indicate functions," *id.* at 74.

In addition, any suggestion that the Lanham Act effectively superseded the patent-law right to copy cannot be reconciled with this Court's decisions in *Sears* and *Compco*, *supra*, which were decided almost two decades after the Lanham Act's passage. In those companion cases, the Court held that patent law pre-empts state unfair competition law insofar as the latter bars copying of unpatented designs, because such designs are, "[u]nder the federal patent laws * * * in the public domain and can be copied in every detail by whoever pleases." *Compco*, 376 U.S. at 237-238; see *Sears*, 376 U.S. at 231-232 (similar). The holdings and "reasoning at the core" of those decisions were subsequently reaffirmed in *Bonito Boats*, 489 U.S. at 156-157, forty years after the Lanham Act's passage. Although respondent argues (Br. in Opp. 6) that *Sears* and *Compco* are distinguishable because they involved *state* unfair competition laws, it is implausible to suppose that this Court would have held a state prohibition on copying to be inconsistent with, and pre-empted by, federal law if a federal statute—the Lanham Act—also would have prohibited copying in those circumstances. Indeed, in *Compco* itself, the Court accepted for purposes of its decision that the prerequisites for Lanham Act protection—secondary meaning and confusion as to source, see 15 U.S.C. 1123—had been met. 376 U.S. at 237 (confusion), 238 (secondary meaning).[6] Moreover, the fact that the result in *Sears* and *Compco* necessarily would affect the scope of Lanham Act protection could hardly have been lost on the Court, since the issue was specifically raised. 62-108 Resp. Br. at 14-15 (arguing that, if the state

[6] Because *Compco* involved a design patent rather than a utility patent, the Court's opinion also expresses concern that functionality analysis might not fully reconcile the scope of trade dress protection with patent-law right-to-copy principles. 376 U.S. at 238. The scope of the right to copy that arises on the expiration of a design patent does not readily correlate with the functionality doctrine, because the subject matter of design patents is, by definition, ornamental and non-functional.

law prohibition on copying were invalid, "it could with the same force be argued that *trademark rights* residing *in the shape or configuration* of an article could not be enforced by a federal court * * * as similarly amounting to the grant of a monopoly in the nature of a patent") (emphasis added).[7]

It is possible to read *Singer*, *Sears* and their progeny as stating a broader rule—as authorizing reproduction of not merely the invention, *i.e.*, those elements that contribute or help make the invention function as intended, but also every jot and tittle of the patentee's product design during the time the product was patented, including wholly arbitrary elements that serve no purpose other than to indicate the product's origin. This Court, however, has cautioned that the "absolutist terms" of some of its early decisions should not be read as foreclosing "*limited* regulation[]" of copying "to prevent consumer confusion as to source." *Bonito Boats*, 489 U.S. at 154 (emphasis added). In our view, where the

[7] Relying on *Compco*'s assertion that the patent-law right to copy extends to products that are not "entitled to a design patent *or other federal statutory protection*," some courts have held that, because the Lanham Act falls under the rubric of "other federal statutory protection," it may be treated as a free-standing *exception* to the patent-law right to copy. *Esercizio* v. *Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991) (quoting 376 U.S. at 238), cert. denied, 505 U.S. 1219 (1992); *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.3d 277, 287 (7th Cir.), cert. denied, 525 U.S. 929 (1998). There is, however, no persuasive evidence that the Lanham Act, by creating a federal trade dress right, was meant to displace the ordinary and longstanding rule that unpatented utilitarian conceptions, as a matter of patent law and the functionality doctrine, cannot be protected in perpetuity as trade dress. See pp. 16-19, *supra*. Moreover, as explained above, the argument cannot be reconciled with *Compco*'s result. It is hard to see how federal patent law would pre-empt state unfair competition law if another federal law—the Lanham Act itself—offered the same protection against copying that state law sought to provide. Finally, it is likewise incorrect to assume that one can "reconcile" the Lanham Act with patent-law principles by sequentially protecting utilitarian features covered by expired patents under patent and then trademark law; such an approach would *defeat* the right to copy unpatented utilitarian conceptions that patent law furnishes.

element alleged as trade dress is only incidentally included in the patent or product, *i.e.*, where the feature is not a utilitarian part of the invention itself, there is no bar to trade dress protection under the Lanham Act. See p. 14, *supra*. The contrary rule would not serve the patent-law purpose of ensuring that the *invention* enters the public domain, and would needlessly undermine the Lanham Act's source-identification goal.[8]

3. Finally, treating expired patent claims as irrefutable evidence of functionality is supported by important policy considerations. First, it enables courts (and competitors) to determine the availability of trade dress protection based on the patent itself (and its enforcement), without extensive proceedings or inquiries. In contrast, the multi-factor tests used by some courts, see note 4, *supra*, often require extensive proceedings and nuanced balancing. That is especially true of the approach, erroneously adopted by some courts, of declining to find functionality in the absence of a showing of competitive "need," see pp. 22-26, *infra*, since questions of "need" are notoriously difficult and require intense factual development, including consideration of alternative designs, consumer preference, and cost.

Avoiding uncertainty and potentially protracted proceedings is especially important due to the strong incentive that patentees often have to extend the term of their exclusive rights. Because competitors may be deterred "not merely by successful suit but by the plausible threat of successful suit," *Wal-Mart*, 120 S. Ct. at 1345, any test that cannot easily be applied and resolved on summary judgment will undermine competition and the patent-law goal of

[8] Similarly, the right to copy an invention upon the patent's expiration would not extend to improvements covered by separate, unexpired improvement patents; the original invention could be copied, but the improvements—even if used during the life of the patent—could not. See also 35 U.S.C. 102(b) (public disclosure does not put unpatented invention in public domain if patent application filed during 1-year grace period).

making all prior art a building block for further technological advances. Consumers "should not be deprived of the benefits of competition with regard to the utilitarian and esthetic purposes that product design ordinarily serves"—or the innovations those designs may be adapted to advance—"by a rule of law that facilitates plausible threats of suit against new entrants" and further innovation. *Id.* at 1344.[9]

Permitting parties to assert exclusive trade dress rights in product features notwithstanding the expiration of a patent covering those features would also "lead to administrative problems of no small dimension." *Bonito Boats*, 489 U.S. at 161. The "federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in any article in general circulation" because "[t]he availability of damages in an infringement action is made contingent upon affixing a notice of patent to the protected article." *Id.* at 161-162. Because Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), does not require such notices, it would leave competitors with no certain way of knowing, in advance, whether the utilitarian feature they wish to use remains in the public domain.

Finally, viewed in light of the serious adverse impact on competition and innovation, the cost of denying trade dress protection to features covered by an expired patent seems comparatively small. Producers seeking to establish means

[9] For that reason, this Court determined in *Wal-Mart* that producers claiming trade dress protection for product designs must show "secondary meaning," *i.e.*, that the public associates the design with the source, and rejected a multi-factor test for determining whether a design is inherently distinctive. See 120 S. Ct. at 1344-1345. Here, however, proof of secondary meaning is not an effective barrier. The very fact that, because of the patent, only one producer made a particular product for some 20 years will very often cause the public to associate the design (if not the good) with that producer. For the same reason, it may be extraordinarily difficult to determine whether "the primary significance" of the design "in the minds of the consuming public is not the product but the producer." *Kellogg Co.*, 305 U.S. at 118.

by which prospective purchasers may identify their products have almost infinite options at their disposal; there thus is little need for them to rely on the utilitarian features disclosed in their patents. *Vornado*, 58 F.3d at 1510. Here, for example, respondent could have painted its dual-springs with an arbitrary and non-functional pattern, or used a unique badge or logo to distinguish its stand from others. Having failed to do so, it cannot now demand that others refrain from using its no-longer patented invention as a price of competing. In addition, producers can demand that competitors clearly label their products, see, *e.g.*, 1938 Restatement § 742; *Kellogg Co.*, 305 U.S. at 120-121. And respondent did just that, obtaining an injunction against petitioner's use of a descriptive but confusingly similar brand name. See note 1, *supra*. Moreover, the "TrafFix Devices" name appears on all of petitioner's signs. See J.A. 253.

4. Notwithstanding the foregoing, there is a regrettable tendency (based on one reading of the 1995 Restatement) for some courts to define functionality—and thus the scope of trade dress protection under the Lanham Act—as depending solely on whether competitors *need* a feature to compete.[10] The court of appeals here employed that approach, declaring that a configuration is not functional unless it is a "competitive necessity." Pet. App. 20a-21a.

Even if one sets aside the linguistic difficulty inherent in equating "functionality" with "competitive necessity," the approach is inappropriate, especially in the context of an expired patent. As an initial matter, it unmoors functionality from its traditional role of protecting "the principle that there is only one legal source of exclusive rights in utilitarian

[10] See, *e.g.*, *Vornado*, 58 F.3d at 1507 (stating that functionality depends on competitive impact and not on "inherent usefulness"); Restatement (Third) Unfair Competition § 17, at 172 (design functional if it offers benefits that are "important to effective competition" (apart from indicating source) and the benefits "are not practicably available through the use of alternative designs").

features—utility patent law." 1 McCarthy, *supra*, § 7:68, at 7-147; *Qualitex*, 514 U.S. at 164-165 (if "functional features could be used as trademarks * * * a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever"); pp. 9-12, *supra*. If one focuses solely on competitive need, for example, the inventor of a particular type of mousetrap could extend his exclusive rights, initially obtained under patent, into eternity under trade dress law so long as a sufficient number of other effective mouse trap designs are available. *Zip Dee*, 931 F. Supp. at 608. Indeed, in this case, the court of appeals concluded that respondent's clearly functional dual-spring design may be protected as trade dress since petitioner could invent, or obtain a license for, another patented design. Pet. App. 21a. That result strikes at "the very purpose of the patent laws" by preventing inventions claimed in expired patents from becoming "available as the building blocks of further innovation." *Bonito Boats*, 489 U.S. at 151.

Such a result, moreover, would place the Lanham Act in conflict with the principle that, "at least in the case of an expired patent," competitors not only have "a federal right to 'copy and to use,'" *Bonito Boats*, 489 U.S. at 165, but also "the right to make [the invention] in the form in which it was constructed during the patent," *Singer Mfg. Co.*, 163 U.S. at 185. Indeed, it would essentially eliminate that well-established right, except where copying is a competitive "necessity." See 1 McCarthy, *supra*, § 7:68, at 7-148 & n.5, and 7-150 (noting that competitive necessity test creates an unnecessary conflict between trademark and patent-law principles). See also *Vornado*, 58 F.3d at 1510 (acknowledging the conflict and attempting to resolve it); *Zip Dee*, 931 F. Supp. at 608 (same). It is, of course, wholly inappropriate to adopt an approach to functionality that would place two otherwise harmonious statutory schemes at war with each other. Moreover, as explained above (pp. 10-12, 16-19, *supra*), such

an approach cannot be reconciled with the functionality doctrine as it existed when Congress passed the Lanham Act, with other principles of statutory construction, with Congress's evident intent, or with this Court's post-Lanham Act decisions. We therefore agree with the leading treatise that "truncat[ing]" functionality analysis by focusing on competitive necessity alone is "illogical"; instead, at least in the context of expired patents, a feature is functional *either* if protecting it would unduly impede competition *or* it is functional "in the traditional engineering-driven utilitarian sense." 1 McCarthy, *supra*, § 7:68, at 7-148 & n.5; *id.* at 7-150 (explaining that there is "no * * * policy conflict between federal patent policy and trade dress law" so long as courts adhere to "the traditional trade dress definition of 'functionality'").[11]

[11] For the same reasons, it is inappropriate to read the 1998 Lanham Act amendment (which made functionality a bar to registration, 15 U.S.C. 1052(e)(5) (Supp. IV 1998)) and the 1999 amendment (which assigned the burden of proving non-functionality to the party claiming protection, 15 U.S.C. 1125(a)(3) (to be codified)) as making competitive need a prerequisite to functionality. Although the House Report on the latter amendment observes that a "functional feature of trade dress is one that is commonly used by similar businesses, protection of which would hinder competition," H.R. Rep. No. 250, 106th Cong., 1st Sess. 6 (1999), that statement is descriptive rather than definitional, and insufficient in any event to overcome the principle against construing statutes so as to create conflicts between them. Moreover, in the same paragraph, the Report specifically recognizes that functionality should prevent trademark law from intruding on patent-law principles, observing that "[f]unctional marks should be dealt with under patent law." *Id.* at 7. Finally, treating either amendment or its legislative history as ratifying a particular definition of functionality would be especially inappropriate because Congress, when it enacted those amendments, specifically declined to pass a bill—H.R. 3163, 105th Cong., 2d Sess., § 2(c) (1998)—that would have codified a definition for functionality. See *Trademarks Amendments Act of 1999: Hearing Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary*, 106th Cong., 1st Sess. 13-14 (1999) (Statement of Michael K. Kirk) (urging House to revive H.R. 3163 to provide "guidance as to when trade dress serves as a source identifier and when it is functional").

Finally, *equating* "functionality" with "competitive necessity" over-reads this Court's decisions. Seizing on this Court's statement that a feature is functional if the inability to copy it puts "competitors at a significant non-reputation-related disadvantage," *Qualitex*, 514 U.S. at 165, the court of appeals emphasized the word "significant" in order to construe the phrase "significant * * * disadvantage" as a competitively disabling disadvantage. Pet. App. 20a-21a. As an initial matter, we do not believe that the Court intended the "significant * * * disadvantage" standard to be the exclusive approach to functionality, given the other articulations of functionality the Court used in *Qualitex*. For example, the Court stated that a feature is functional if "it is essential to the use or purpose of the article *or* if it affects the cost or quality of the article." 514 U.S. at 165, 169 (emphasis added, internal quotation marks omitted). See also *id.* at 162 (functional characteristic "an important" non-reputational "ingredient in the commercial success of the product") (quoting *Inwood Labs.*, 456 U.S. at 863 (White, J., concurring)). The Court's use of a competition-based formulation in *Qualitex*, moreover, appears to have resulted from the fact that that case (like *Inwood Labs.*) involved a trademark color, for which the competitive formulation is particularly useful.[12] Thus, while we agree that competitive

[12] Even though they do not operate like utilitarian parts of a machine, colors may be functional in providing visual cues. For example, using the color orange on a can of soda may be functional because it identifies the contents as being orange-flavored, even though the color does not affect the way the can retains liquid. Focusing on competition in such a case shows the color to be functional because, if other makers of orange soda cannot color their cans orange, they may be competitively disadvantaged in the marketplace. See *Wal-Mart*, 120 S. Ct. at 1344.

necessity proves functionality, the absence of competitive necessity does not itself disprove it.[13]

In any event, *Qualitex* is best understood as using the phrase "significant * * * disadvantage" to indicate a "non-trivial" or "meaningful" non-reputation-related disadvantage. Indeed, the Court specifically indicated that the functionality doctrine was designed to ensure that "useful" product features do not become protected as trade dress in perpetuity in derogation of patent law, 514 U.S. at 164; and it further clarified that the "functionality doctrine * * * protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features," *id.* at 169. The examples of "functionality" the Court cited likewise indicate that meaningful disadvantage, not competitive necessity, is sufficient to establish functionality.[14]

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[13] Some courts' exclusive reliance on competitive need may have resulted from a misinterpretation of the 1938 Restatement. Comment "a" of that Restatement, after giving a general explanation of utilitarian functionality, noted the doctrine of *aesthetic functionality*, which may apply "[w]hen goods are bought largely for their aesthetic value." After discussing that issue, the Restatement added that the determination in such a case turns on "whether prohibition of imitation by others will deprive the others of something which will substantially hinder them in competition." In context, the competitive hindrance test appears to be an additional way functionality may be found—especially useful in cases of aesthetic functionality—not a *sine qua non* without which functionality can never be found.

[14] The Court, for example, approvingly cited the mode of analysis in a lower court decision holding that the color black, as applied to motor boat engines, was functional because it coordinated well with other colors and minimized the apparent size of the motor; and it similarly cited another holding that the color green was functional on farm machinery, since farmers might want their machinery to match. See 514 U.S. at 169-170.

C. Respondent Is Not Entitled To Trade Dress Protection

Judged by the foregoing standards, respondent's design is not entitled to trade dress protection. Respondent's patents themselves, and respondent's later enforcement of its patent rights, together make it clear that each and every element of respondent's claimed trade dress is a utilitarian part of the patented device that passed into the public domain when the patents expired.

1. Respondent claims "trade dress" protection in a sign stand which has "(a) a relatively narrow base member; (b) a pair of vertically arranged closely spaced coil springs attached to the base member; (c) a plurality of leg members attached to the base member * * * ; (d) an upright member attached to the coil springs; and (e) a sign attached to the upright member." Pet. App. 29a. As the district court observed, the only one of those features that differs from *any* other sign stand is the "pair of vertically arranged closely spaced coil springs." *Id.* at 48a; see also *id.* at 60a ("Every single one of the competitors * * * markets a sign stand with a narrow base, four leg members extending at angles from the base, an upright, and a sign."). But respondent's patents reveal the dual-spring design to be utilitarian because the "two spaced apart spring connections" permit the sign to yield to the wind without "twisting." *Id.* at 18a, 50a; '482 Patent at 4 (claim 1), 1 (summary). See also *id.* at 2 (specification) ("[A]s the frame structure is deflected downwardly, the effective wind force is reduced much in the manner of a sail on a boat coming into the wind.").

The other design elements alleged to be trade dress are also functional. The "base" member element is utilitarian because it provides a "ground-engaging means" to support the "upstanding frame" and "spring structure." '482 Patent at 4 (claim 1).[15] The "plurality of leg members," Pet. App.

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[15] Although respondent's patents do not describe a "narrow" base and show widely spaced springs, respondent has asserted that its patents

29a, prevents the sign from tipping over; indeed, the length of those legs is based on a formula disclosed in the patent. '482 Patent at 5 (claim 1), 4 (specification). The "upright member attached" on top of "the coil springs" is utilitarian because it is necessary to display the sign. And the "sign attached to the upright member" is utilitarian, because displaying the sign is the very purpose of the stand.

At bottom, respondent's alleged trade dress consists of nothing more (or less) than the elements claimed or specified in its patents; respondent's alleged trade dress includes nothing arbitrary, fanciful, or otherwise non-useful beyond the patented device itself. Thus, the product design for which respondent claims trade dress protection is not an article that *incorporates* the patented device. It *is* the patented device. Consequently, when the patents for that device expired, respondent's design fell into the public domain.

2. The court of appeals' contrary analysis does not withstand scrutiny. First, the court of appeals observed that a combination of functional features may itself be non-functional and protected as trade dress. Pet. App. 20a. In the context of an expired utility patent, where each element alleged to be trade dress contributes to the functioning of the invention, that is not true. To the contrary, when the elements alleged as trade dress are part of the patented invention, and together make up the invention, the whole is not merely functional; it is the invention.

Moreover, even outside the utility patent context, a combination or configuration of wholly functional elements will rarely be non-functional unless the particular combination is somehow "arbitrary" and not driven by considerations of

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extend to stands with narrower bases and closely spaced springs as well. See *Sarkisian* v. *Winn-Proof Corp.*, 686 F.2d 671 (9th Cir. 1981). Moreover, it is not disputed that positioning the springs closer together is functional because it makes the stand smaller, lighter, and less costly to manufacture, as the district court expressly found. Pet. App. 54a.

utility, function, or simplicity. 1 McCarthy, *supra*, § 7:76, at 7-177 (citing *Jeffrey Milstein, Inc.* v. *Greger, Lawlor, Roth, Inc.*, 58 F.3d 27 (2d Cir. 1995)); see *Sunbeam Prods., Inc.* v. *West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997) ("arbitrary combination of functional features, the combination of which is not itself functional"), cert. denied, 523 U.S. 1118 (1998). In most cases, "the combination of individually functional features will be just as functional as are the parts." 1 McCarthy, *supra*, § 7:76, at 7-177. Here, the patents prove that the combination of elements claimed as trade dress is functional, since all of the elements are part of the invention, and they are combined so as to implement the invention in a straightforward manner. For that reason, it makes no difference that other competitors "avoid emulating" respondent's trade dress by avoiding use of the dual-spring design. Pet. App. 20a. The dual-spring mechanism is, in the end, the most functional and critical feature in the formerly patented invention; it permits the sign to yield to the wind without twisting. Once the patents expired, respondent lost the right to exclude competitors from using that clearly functional feature; that right to exclude cannot be resuscitated under the rubric of trade dress protection.

For similar reasons, the court of appeals erred by speculating that competitors might be able to use a tri-spring or quad-spring mechanism, or a hidden two-spring mechanism. Pet. App. 19a-20a. Manifestly, altering the number of springs or requiring the construction of a (flexible) housing to hide the springs would undermine the product's simplicity of design, size, and cost. Nor, apparently, did respondent offer in district court to meet the burden of proving otherwise. See 15 U.S.C. 1125(a)(3) (assigning burden of establishing non-functionality on party seeking trade dress protection). In any event, if the market could be permanently balkanized by claims to particular functional designs (two springs versus three, three versus four), an extremely limited number of companies could utilize the invention.

That would undermine the patent-law goal of ensuring that inventions, upon expiration of patent protection, become publicly available building blocks for further innovation.

Alternatively, the court of appeals suggested that petitioner, if it uses the dual-spring design, must avoid the four other elements claimed as trade dress (straight legs, a short member connecting the legs and the springs, a member above the springs, and the sign), Pet. App. 19a-20a, even though those elements are common to the sign stands made by every one of respondent's competitors, *id.* at 48a, 60a. In particular, the court suggested that petitioner (uniquely among competitors) must avoid wholly generic design features such as straight legs and instead adopt an arbitrary design using curved legs, dual support members, an A-frame support member, or some other fanciful gloss *if* it uses the dual-spring mechanism. But the straightforward design of those four other features is also functional, and the court of appeals' proposed alterations—curved legs or multiple or A-shaped support members—would negatively affect the simplicity of design and the cost of production. More fundamentally, the court of appeals' approach puts the shoe on the wrong foot. Simply put, respondent cannot rely on the most critical feature of its public domain invention (the dual-spring mechanism) as the only thing that distinguishes its sign stand from any other, and then demand that competitors adopting the invention incorporate essentially arbitrary and unique features to set their sign stands apart. If respondent wishes to claim a design as trade dress, respondent has the burden of setting *its own* design apart from the merely functional.

CONCLUSION

Accordingly, the judgment of the court of appeals should be reversed.

Respectfully submitted.

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AUGUST 2000

Supreme Court, U.S.
FILED
AUG 17 2000
CLERK

(4)

No. 99 - 1571

IN THE
SUPREME COURT OF THE UNITED STATES

TRAFFIX DEVICES, INC.,
Petitioner,

v.

MARKETING DISPLAYS, INC.
Respondent.

On Petition for Writ of Certiorari
To The United States Court of Appeals
for the Sixth Circuit

Amicus brief Supporting Petitioner, TrafFix Devices, Inc.
Requesting Reversal
Permission to file received from both parties.

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Interest of the *Amicus Curiae*

Malla Pollack ("Pollack"), *amicus curiae*, is an associate professor of law. Pollack has no financial interest in the outcome of this litigation.[1] Pollack's sole interest in this case is to encourage the proper protection of the currently endangered public domain. *See, e.g.*, David Lange, *Recognizing the Public Domain*, 44 (no. 4) Law & Contemp. Probs. 147, 176 (1981) (in view of collective action problems, requesting courts to appoint *guardians ad litem* for the public domain in intellectual property cases or, at the least, to welcome *amicus* participation). Both parties have given permission for Pollack to file this *amicus* brief. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

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[1] Malla Pollack is the sole author of this brief. The entire cost of this brief was paid by Malla Pollack personally and with the help of her faculty allowances as a visiting associate professor at Northern Illinois University, College of Law.

Summary of Argument

This Court should reaffirm the constitutional doctrine explicated in *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938); the Constitution requires that all matter shielded by a patent must enter the public domain at the end of the patent monopoly. The original, and continuing, meaning of United States Constitution Article One, § 8, cl. 8, the Intellectual Property Clause, requires the "Bargain Theory of Patents." In return for a limited patent grant, the patent holder dedicates all later use of the patented material to the public domain. The donation's scope is practical; the public obtains full use of all commercial benefits formerly shielded by the patent, including any good will in the article as manufactured during the patent term. The public obtains a property right not to be excluded from full commercial exploitation of the activity formerly practiced under the patent; a right which may not be invaded by Congress. This conclusion is embedded in this Court's earlier cases. The conclusion rests on (i) the language of the Constitution, (ii) the Statute of Monopolies, the English antecedent of the Clause, and (iii) the Lockian concept of property accepted by the ratifying generation. The trademark doctrine of functionality is not conterminous with the public's constitutional right not to be excluded.

Argument

I. This Court's Cases Recognize the Constitutional Bargain Dedicating All Material Involved in a Patent to the Public Domain at the Patent's Expiration

The Intellectual Property Clause of the United States Constitution grants Congress the power:

> To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries ...[2]

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[2] U.S. Const. Art. I, sec. 8, cl. 8 ("the Intellectual Property Clause").

The Court has always read this Clause as embodying the Bargain Theory of Patents.

Under the Bargain Theory of Patents, by obtaining a patent grant, the patentee forms an agreement with the public. Once the limited time of the constitutionally allowed grant has expired, the patentee must pay the price — all the power of the patent belongs to the public. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 116 (1938) ("there passed to the public upon expiration of the [utility] patent . . . the right to make the article as it was made during the patent period"); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896) ("It is self-evident that on the expiration of a[n utility] patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property."); *Coats v. Merrick Thread Co.*, 149 U.S. 562, 571 (1893) (same for design patent).

A patent is granted "upon this condition," *Singer*, 163

U.S. at 185, which is constitutional – "limited times," "to promote the progress of science and the useful arts," U.S. Const. Art. I, sec. 8, cl. 8; *see also Bonito Boats v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989) ("[T]he ultimate goal of the patent system is to bring new designs and technologies into the public domain through disclosure.").

The same limitation is imposed on the states both by congressional field preemption, *see id.* at 152 ("Where the public has paid the congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent."), and by the dormant Intellectual Property Clause. *See Goldstein v. California*, 412 U.S. 546, 558 (1973); Malla Pollack, *Unconstitutional Incontestability,* 18 Seattle Univ. L. Rev. 259, 300-326 (1995). *Accord Bonito Boats*, 489 U.S. at 153 ("the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of

allowing free access to copy whatever the federal patent and copyright laws leave in the public domain") (quoting *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234, 237 (1964)).

In the Bargain Theory of Patents, trade dress may not be used to extend a patent because the cost charged for a patent includes any good will inherent in the article itself:

> Kellogg Company is undoubtedly sharing in the goodwill of the article known as "Shredded Wheat'; and thus is sharing in a market which was created by the skill and judgment [and investment of plaintiff.] . . . But that is not unfair. [It] is the exercise of a right possessed by all –and in the free exercise of which the consuming public is deeply interested.

Kellogg, 305 U.S. at 122.

This classic holding meshes with this Court's latest pronouncement on trade dress. Trade dress in unregistered product configurations requires secondary meaning, *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339, 1346 (2000). "Secondary meaning" in the appearance of the article is the "good will of the article." This good will of the article *belongs*

to the public at the end of the patent term. The holder of an expired patent may not, therefore, claim an exclusionary right to "secondary meaning" in any aspect of the article formerly marketed under the patent's umbrella. Without secondary meaning, he may not claim a trade dress.

Statutory intent is irrelevant to the Bargain Theory of Patent. Congress is constitutionally limited from writing the Lanham Act, 15 U.S.C. §§ 101 *et. seq.*, to bypass constitutional boundaries. Congress may not use the generalized grant of power in the Commerce Clause, U.S. Const. Art. I, sec. 8, cl. 3, to bypass a limitation in a more targeted power. *See Railway Labor Executives' Ass'n v. Gibbons*, 455 U.S. 457, 471 (1982) (Congress may not bypass the "uniformity" requirement in the Bankruptcy Clause by appealing to the Commerce Clause). The Lanham Act itself is not unconstitutional; the circuits have misread the effect of the statute.

The circuits have refused to allow competitors to make

products covered by expired patents without a heavy showing. This burden on access by a member of the public to material purchased by the public (at the price of a monopoly patent) is unconstitutional. The only acceptable price that any member of the public can be charged for duplicating a formerly-patented product is a label reasonably identifying that member of the public as the product's current source. *See Kellogg*, 305 U.S. at 119 (former patentee may only require others to "use reasonable care to inform the public of the source of [their competing] product[s]."). Several circuits want a competitor to demonstrate trademark-type "functionality," i.e. inability to compete economically without an element claimed in an expired patent. *See TrafFix Devices Inc. v. Mktg. Displays, Inc.*, 200 F.3d 929, 939 (6th Cir. 1999) (requiring showing of "competitive necessity"), *cert. granted*, 120 S. Ct. 2715 (2000) (this case); *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1364-65 (Fed. Cir.), *cert. denied* , 120 S. Ct. 527 (1999). But

the trademark doctrine of "functionality" is irrelevant to material which was protected by a patent; the patent bargain is an independent, constitutionally mandated limit on former patent holders' rights to exclude.

This patent bargain is equitable. No one obtains a patent without affirmatively requesting one. A patentee is not required to show commercial value in order to obtain a patent. At any time during the application process, if the applicant dislikes the bargain offered by the Patent and Trademark Office, the applicant can withdraw the pending application. The holder of a patent, therefore, should not be allowed to begin by enjoying a patent and end by claiming (only after consuming the full benefit of the patent term) that the subject matter was not sufficiently valuable to render return performance mandatory. Beside the constitutional dimension, such behavior is inequitable and in conflict with black letter contract principles.

The deposed patent holder, furthermore, retains the

market value of being, by many years, the first to the market. He may still use his brand name on his version of the product. He may still advertise his as the "original" version of the product. He may still publicly claim the most experience with the product. No later competitor shares these advantages.

Kellogg, indeed, correctly goes much further than the language used in *Vornado Air Circulation Sys, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1510 (10th Cir. 1995) (at expiration of patent term, material enters public domain if it is "part of a claim in a utility patent" or a "significant inventive aspect"). The *Kellogg* Court rested on Perky's utility patent No. 548,086 ('086 Patent) (separately bound Appendix to this *amicus* filing). *Kellogg*, 305 U.S. at 112. The '086 Patent, however, does not claim a pillow shaped food item. '086 at p.2, ll.20-42 ("I claim .... "); Ap. at A2. The descriptive section of Patent '086 asserts that the food product being claimed "can be shaped for baking in various ways." *See* '086 Patent, at p.1, l.98, Ap. at A1. Yet

the pillow shape was held dedicated to the public because this was how the article had been "made during the patent period."[3] *Kellogg*, 305 U.S. at 118. "Functionality," in the trademark sense of affecting cost and quality, was a mere secondary reason for non-protection. *Id.* at 122. A reason, furthermore, on which the Court was handling strongly disputed facts. *Compare* Brief for Petitioner at 57-66, 108-12, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938)(Nos. 2 & 56) (arguing form is functional) *with* Brief for Respondent at 19-32, 40-41, *Kellogg*, 305 U.S. 111 (arguing form is not functional).

The circuits who have refused to follow *Kellogg* are presumably influenced by modern law and economics theories. The Constitution, however, does not enact modern law and economics anymore than it does Herbert Spencer's formerly

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[3] The pillow shape was covered by an earlier invalidated design patent. The design patent seems irrelevant to the Supreme Court decision. *See Kellogg*, 305 U.S. at 119 n.4.

popular theories. *Cf. College Sav. Bank v. Florida Prepaid Postsecondary Edu. Expense Bd.*, 119 S. Ct. 2219, 2233 (1999) (point of Justice Holmes' dissent in *Lochner* is that majority incorrectly "sought to impose a particular economic philosophy upon the Constitution") (referring to *Lochner v. New York*, 198 U.S. 45, 75 (1905) (Holmes, J., dissenting)).

In sum, economic necessity is irrelevant. Every member of the public has the right to use every element of every expired patent and every commercial embodiment ever manufactured under that patent — provided only that the product be clearly labeled as to source. The right is granted by the Constitution. Neither Congress nor the federal courts may deny it.

II. The Intellectual Property Clause Requires the Bargain Theory of Patent Because It Vests in the Public an Inalienable Property Right Not To Be Excluded from the Public Domain

This Bargain Theory of Patent rests on the history and original meaning of the Intellectual Property Clause. We need

to look at the language and historical background of the Clause because the drafting and ratifying process has left us no clearer sources. *See* Malla Pollack, *Purveyance and Power*, Section IV, Writing, Ratifying and Amending the Constitution, forthcoming 30 Southwestern Univ. L. Rev. ___ (2000); currently available at <http://www.fcsl.edu/purveyance.310.2000.htm>.

The Clause involves three different property interests: Authors' Exclusive Rights, Inventors' Exclusive Rights, and the Public Domain which is held in common by the public – not the federal government. The public ownership of the Public Domain is effectuated by the limitations placed on Congress' ability to grant exclusive rights.

This property view of the right not to be excluded from Useful Arts is specified in Madison's 1792 essay on *Property*:

> In its larger and juster meaning, [property] embraces every thing to which a man may attach a value and have a right; and which leaves to everyone else the like advantage.
>
> . . . a man's land, or merchandize, or money is

called his property.

> . . . a man has a property in his opinions and the free communication of them.
>
> . . . .
>
> *He has an equal property in the free use of his faculties and free choice of the objects on which to employ them.*
>
> . . . .
>
> That is not a just government, nor is property secure under it, where arbitrary restrictions, exemptions, and *monopolies* deny to part of its citizens that free use of their faculties, and free choice of their occupations . . . What must be the spirit of legislation where a manufacturer of linen cloth is forbidden to bury his own child in a linen shroud, in order to favor his neighbor who manufactures woolen cloth; where the manufacturer and wearer of woolen cloth are again forbidden the economical use of buttons of that material in favor of the buttons of other materials! . . .

James Madison, *Property, reprinted in* 1 Founders' Constitution 598-99 (Philip B. Kurland & Ralph Lerner eds., 1987) (emphasis added; original emphasis deleted).

Madison's view of the public's entitlement to market Useful Arts is a Lockian common. Locke saw the central aspect

of property to be the right not to be excluded. To Locke, "property" is anything "that *without a Man's own consent* it *cannot be taken from him*." John Locke, TWO TREATISES OF GOVERNMENT at 2nd Treatise § 193 at 395 (ed. Peter Laslett, student paperback ed. Cambridge Univ. Press 1999 reprint) (emphasis in original). Unlike 20th century lawyers, to Locke the core property right is the right not to be excluded.

A Lockian public domain is an owned public domain. Locke's teleologically original state of nature in which people held all the world in common, *id.* § 26 at 286, is not untouched by human rights. It is a domain in which (a) no individual has a right to exclude others, and (b) each person has a property right not to be excluded. *See* John Tully, A DISCOURSE ON PROPERTY: JOHN LOCKE AND HIS ADVERSARIES 84-85 (Cambridge Univ. Press 1980). On this point, Locke agreed with a long line of natural law philosophers going back at least to St. Thomas Aquinas, but disagreed with two relative

contemporaries, Grotius and Pufendorf, who saw undivided domains as merely unappropriated. They omitted the Lockian, universally shared, individual right not to be excluded. *See id.* at 68-77, 81-91, 112-16. This difference is crucial in the current controversy.

Madison's property essay quoted above is Lockian in this respect.[4] The default position on commercial activity is that every person has a right not to be excluded from practicing any marketable skill. The Intellectual Property Clause of the Constitution allows Congress to give inventors only a temporary power to exclude others from marketing a useful art. Once the time period of the patent expires, the public's natural right not

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[4] The importance of Locke to understanding the property concepts assumed in the Constitution is widely accepted. *See, e.g.,* C. B. Macpherson, *The Meaning of Property, in* PROPERTY: MAINSTREAM AND CRITICAL POSITIONS 1, 13 (ed. C. B. Macpherson 1978). Madison's 1792 usage of "property" to include many concepts modernly labeled rights is also Lockian. *See, e.g.,* Tully, *supra,* at 7 ("To speak of Locke's theory of property is to speak of Locke's theory of rights.").

to be excluded returns. The public's right, furthermore, is the practical right to compete in the market – the holder of an expired patent may not block use of any detail of the good as previously marketed under the legal protection of the patent.

The historical basis of the Intellectual Property Clause is The Statute of Monopolies, 21 James 1, c. 3 (1623), *see, e.g.,* Pollack, *Purveyance and Power, supra* (providing detailed discussion of relationships). The Founders' generation met the Statute of Monopolies through 4 William Blackstone, COMMENTARIES ON THE LAWS OF ENGLAND 159 (1772 reprint by Robert Bell of Philadelphia, *currently available in* 1967 Layton Press reprint). *See e.g.,* Lawrence M. Friedman, A History of American Law 88-79 (1973) (describing importance of 1772 colonial edition of Blackstone). The Statute of Monopolies, as Blackstone reported, limited the King's power to grant patents, thus His power to prevent unfavored persons from practicing useful arts. That Statute, furthermore, was the

beginning of the road to the Glorious Revolution and Locke's King William – it was the first Parliamentary victory against the Royal Prerogative. *See, e.g.,* Charles Howard McIlwain, CONSTITUTIONALISM ANCIENT AND MODERN 138 (1940).

History, therefore, requires a wide definition of the special privileges constrained by the Intellectual Property Clause. The Founders saw themselves as continuing the Whig fight against tyrannical monarchy and related corruption, including "monopolies." *See, e.g.,* Gordon S. Wood, THE CREATION OF THE AMERICAN REPUBLIC 1776-1787, at 623 (1998 paperback ed.); Linda Levy Peck, COURT PATRONAGE AND CORRUPTION IN EARLY STUART ENGLAND 220 (1990). "Monopoly" in this heritage is not the technical, economic doctrine involving market power which underlies modern anti-trust statutes and the trademark functionality doctrine. "Monopoly" is a flexible term of disapproval reaching almost any trade practice against the public interest. During the House

of Lord's debate on the Statute of Monopolies, for example, Lord Haughton objected because "Monopolies, what, uncertyne. The punishment is greate." Henry Elsing, NOTES OF THE DEBATES IN THE HOUSE OF LORDS, OFFICIALLY TAKEN BY HENRY ELSING, CLERK OF THE PARLIAMENTS, A.D. 1621, at 104 (ed. Samuel Rawson Gardiner, 1879, Camden Soc'y Pub. No. 103). *See also* Stephen D. White, SIR EDWARD COKE AND "THE GRIEVANCES OF THE COMMONWEALTH," 1621-1628, at 118-19 (1979) (flexibility of term "monopoly").

The Lockian tie highlights the constitutional choice to place the public domain property right in the people – as opposed to the government. The quintessential political Locke, TWO TREATISES OF GOVERNMENT, was written in opposition to the monarchial absolutism of Sir Roger Filmer's PATRIARCHIA (1681), and in continuation of the fight over non-parliamentary taxation which culminated in the accession of William of Orange (to whom Locke dedicated the work). *See, e.g.,* John

Dunn, THE POLITICAL THOUGHT OF JOHN LOCKE: AN HISTORICAL ACCOUNT OF THE ARGUMENT OF THE 'TWO TREATISES OF GOVERNMENT' 53 (1995 Cambridge Univ. Press Paperback ed.) (mentioning dedication); *see generally id.* at 43-76 (placing Locke's work in historical perspective and contrasting it to Filmer's claim that the monarch had a preeminent ownership right in all property, thus an unlimited right to tax). England left the power to issue patents of invention in the Crown and developed an unlimited legislature as a check on the monarch. The Constitution, however, vests in the legislature the right to grant Inventors temporary rights to exclude, but carefully limits this legislative power in order to provide an additional protection to the public's right not to be excluded from the "useful Arts."

The Founders' choice of a Lockian, owned public domain as the default status behind the Intellectual Property Clause is an example of their basic political ideology. The

Court has no reason to overrule its correct case law enforcing this original decision.

Conclusion

This Court should reiterate the constitutional teachings of *Kellogg*, 305 U.S. at 116. At the end of every patent grant, all the commercial power of that grant is dedicated to the public, including the unpatented details of the product as marketed. The beneficiary of a patent may not renege on his bargain after accepting the monopoly benefits of that constitutionally cabined agreement. Whether economically efficient or not, this bargain is mandated by the Constitution.

Respectfully submitted: August 16, 2000.

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Supreme Court, U.S.
FILED
AUG 10 2000
CLERK

(5)

No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INC.,
Petitioner,

v.

MARKETING DISPLAYS, INC.,
Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

BRIEF OF THE INTERNATIONAL TRADEMARK ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

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IN THE
SUPREME COURT OF THE UNITED STATES

No. 99-1571

TrafFix Devices, Inc.

Petitioner,

—v.—

Marketing Displays, Inc.

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF AMICUS CURIAE THE INTERNATIONAL TRADEMARK ASSOCIATION IN SUPPORT OF NEITHER PARTY

INTRODUCTION

The International Trademark Association ("INTA"),[1] having obtained written consent of the parties pursuant to

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[1] This brief was not authored, in whole or in part, by counsel to a party and no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the amicus curiae or its counsel. Neither petitioner nor respondent is a member of amicus curiae. One of the law firms representing petitioner, Hogan & Hartson L.L.P., is

Rule 37.3 of the Rules of this Court,[2] submits this brief as amicus curiae. INTA believes that the legal premise underlying the Court of Appeals' opinion—that there is no necessary conflict between trade dress protection and utility patent protection for the same design—is correct. Nevertheless, INTA questions whether the Court of Appeals properly accentuated the significance of a patentee's claims in the inquiry into whether the design at issue was impermissibly functional from a trade dress standpoint.

Beyond the Court of Appeals' general description and the disclosure of the respondent's utility patents, INTA is not familiar with the details of the parties' respective products, nor with the evidence on which the District Court and Court of Appeals relied. It thus does not take a position as to whether the Court of Appeals' decision should be affirmed. Instead, INTA's purpose in filing this amicus brief is to emphasize that: (a) this Court's prior decisions do not bar the extension of federal trade dress protection to product designs under the auspices of the Commerce Clause; (b) if properly applied, the prerequisites for trade dress protection preclude any statutory conflict between the federal Lanham Act and the federal utility patent statutes; (c) the disclosure contained in a utility patent nevertheless may be highly probative evidence of the underlying design's functionality, and concomitant ineligibility for trade dress protection; and (d) if a product feature serves as a nonfunctional and distinctive brand signal, its protection as trade dress serves the interests of competition.

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an associate member of INTA, but has not participated in the decision to submit this brief, in its preparation, or in its submission.

[2] The consents have been filed with the Clerk with this brief.

STATEMENT OF INTEREST OF THE AMICUS CURIAE

INTA is a not-for-profit organization whose more than 3,800 members have a special interest in trademarks. They include trademark owners, law firms, advertising agencies, package design firms and professional associations from the United States and 119 other countries. All share the goals of emphasizing the importance of trademarks and trademark protection, and of promoting an understanding of the essential role trademarks play in fostering informed decisions by consumers, effective commerce, and fair competition. INTA members frequently are participants in trademark litigation, and therefore are interested in the development of clear and consistent principles of trademark and unfair competition law. INTA has substantial expertise in trademark law and has selectively participated as an amicus curiae in cases involving significant trademark issues.[3]

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[3] Cases in which INTA has filed amicus briefs include: *Wal-Mart Stores, Inc. v. Samara Bros.*, 120 S. Ct. 1339 (2000); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 627 (1999); *Dickinson v. Zurko*, 527 U.S. 961 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); *WarnerVision Entertainment Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259 (2d Cir. 1996); *Preferred Risk Mut. Ins. Co. v. United States*, 86 F.3d 789 (8th Cir. 1996); *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994); *Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801 (Fed. Cir. 1984); *Anti-Monopoly, Inc. v. General Mills Fun Group*, 684 F.2d 1316 (9th Cir. 1982), *cert. denied*, 459 U.S. 1227 (1983); *In re Borden, Inc.*, 92 F.T.C. 669 (1978), *aff'd sub nom. Borden, Inc. v. Fed. Trade Comm'n*, 674 F.2d 498 (6th Cir. 1982), *vacated and remanded*, 461 U.S. 940 (1983); *Redd v. Shell Oil Co.*, 524 F.2d 1054 (10th Cir. 1975), *cert. denied*, 425 U.S. 912 (1976); *Century 21 Real Estate Corp. v. Nevada Real Estate Advisory Comm'n*, 448 F. Supp. 1237 (D. Nev. 1978), *aff'd*, 440 U.S. 941 (1979).

INTA was founded in 1878 as the United States Trademark Association, in part to encourage the enactment of federal trademark legislation after the invalidation on constitutional grounds of this country's first trademark act. Since that time, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with federal trademark legislation, including the Trademark Law Revision Act of 1988 ("TLRA"). *See* 134 Cong. Rec. S16974 (daily ed. Oct. 20, 1988) (statement of Sen. DeConcini). One significant revision included in the TLRA was the amendment of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to acknowledge the evolution of the section since 1946 "into a Federal law of unfair competition," 135 Cong. Rec. H10422 (daily ed. Oct. 19, 1989) (statement of Rep. Moorhead), protecting, *inter alia*, unregistered trademarks and trade dress. *See* S. Rep. No. 100-515, at 40 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603.

Another significant revision to the Lanham Act was the adoption of holdings by a majority of federal courts that all of the remedies available for infringement of registered marks are also available for infringement of unregistered marks and trade dress. TLRA §§ 127-30, 102 Stat. at 3943-45; *see also* 133 Cong. Rec. S16347 (daily ed. Nov. 19, 1987) (statement of Sen. DeConcini). Where appropriate, however, INTA has also encouraged the enactment of statutory revisions aimed at restricting overreaching trade dress claims, particularly those claiming protection for functional designs. *See* Trademark Amendments Act of 1999, § 5, Pub. L. No. 106-43, 113 Stat. 218, 220 (1999); Trademark Law Treaty Implementation Act, § 201(1)(2)-(5), Pub. L. No. 105-330, 112 Stat. 3064, 3069-70 (1998).

INTA has a particular interest in this case for three reasons. First, it wishes to highlight that the prerequisites for trade dress protection, if properly applied, preclude any conflict between federal trademark law and federal utility patent

law. Nor, for that matter, is there any necessary inconsistency between federal trade dress protection and the Constitution's Patent and Copyright Property Clause.

Second, in trade dress cases involving designs disclosed to some extent by a utility patent, there is a split among the approaches taken by the Courts of Appeals regarding the significance of the patent to the plaintiffs' claims. Most Circuits to have addressed the issue have held that the significance of a utility patent under these circumstances is limited to its probative value as factual evidence as to whether the underlying design is impermissibly functional for trade dress purposes. At least one Circuit, however, has held that the disclosure of a feature in a utility patent may disqualify that feature for trade dress protection, even if the feature otherwise meets the traditional trade dress requirements of distinctiveness and nonfunctionality.

Third, the question for which certiorari was granted provides the Court with an opportunity to clarify principles underlying both the trade dress protection to be afforded companies for the substantial investments often made in nonfunctional product designs, and the rights of competitors fairly to enter a market by adopting design elements in the public domain.

SUMMARY OF THE ARGUMENT

Whether or not a feature is addressed in a utility patent, the feature is eligible for protection when it meets the requirements for protection under the federal Lanham Act. Patent law protects invention. It does not, however, necessarily dictate appearance. If the ways in which an invention may be configured are limited, or if one configuration is more cost effective than others, then appearance is functional, and both the invention and its configuration pass into the public domain when the patent expires. If an invention nevertheless can be efficiently configured in many ways, and

if the patent owner has cultivated brand significance in its particular iteration of the invention, only the functional content of the invention is so dedicated.

Specifically, patent law requires that at the end of the statutory period, both the invention and its *necessary* configuration(s) are available to all. In contrast, trademark law provides that if there are alternative, cost-effective designs available to competitors, a qualifying design should be protected if, by doing so, consumers will be shielded from confusion in relying on a particular appearance to which they attach source significance.

The circumstances under which trade dress is eligible for protection against infringement are narrow: a claimant in an infringement case must demonstrate that (1) its design has been used in commerce as a brand signal; (2) the design is nonfunctional; (3) the design is a distinctive indicator of origin; and (4) the defendant's design is likely to cause confusion in the marketplace. Each of these prerequisites for relief has no equivalent under the federal utility patent statutes, and it is thus apparent that the extension of trade dress protection to product designs does not conflict with the utility patent regime. In the absence of a purely statutory conflict, it is equally apparent that there can be no constitutional conflict.

Because of the nonfunctionality requirement in particular, many product features that are disclosed at least to some degree by a utility patent will fail to qualify as protectable trade dress because they are unable to satisfy the *factual* prerequisites for protection. Nonetheless, it is inappropriate to suggest as a *legal* proposition, as has the Tenth Circuit Court of Appeals, that there is a *per se* prohibition on the trade dress protection of a design feature disclosed in a utility patent, even if that feature is nonfunctional and distinctive. Rather, the proper inquiry is whether the disclosure in the patent (and including the patent file wrapper or prosecution

history) constitute evidence of the functionality of the overlaying design features. The Court of Appeals in this case therefore correctly accepted as an underlying principle the proposition that, in a proper case, nonfunctional and distinctive product features can serve as trade dress, even if those features are disclosed in a utility patent.

It appears, however, that by addressing a patented feature as one of a "combination of . . . elements," the Court of Appeals may have failed to recognize the significance that claims of utility and competitive advantage in a patent may have to the inquiry into the functionality of the claimed trade dress. The District Court found that, except for a dual spring design, all elements of respondent's configuration were used by competitors. If, therefore, petitioner's copying of the spring design resulted from the limited ways that the invention could be implemented or from cost considerations, the District Court's summary disposition should have been affirmed, and the respondent was not entitled, by asserting that its trade dress was a "combination of elements," to require that defendant "find some other way to set its signs apart." If, on the other hand, "a hidden dual-spring mechanism or a tri or quad-spring mechanism" could efficiently and effectively "'create an entirely different look,'" respondent should have been permitted to offer evidence as to secondary meaning and likely confusion.

ARGUMENT

I. There Is No Necessary Inconsistency Created By The Trade Dress Protection Of Features Disclosed By A Utility Patent

A. Product Design Can Be Protectable Trade Dress

An analysis of the eligibility for trade dress protection of product features disclosed in a utility patent should begin with the recognition that product designs can, in fact,

constitute protectable trade dress. *See generally Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993). Under the Lanham Act, a "trademark" may be "any word, name, symbol, or device, or any combination thereof" used by an owner "to identify and distinguish [its] goods . . . from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown." 15 U.S.C.A. § 1127 (West 1997 & Supp. 2000). When the mark in question consists of a nonverbal designation of origin, it is often referred to as "trade dress." As this Court has recognized, the distinction between "trademarks" and "trade dress" is often one of semantics. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773 (1992) ("[T]he protection of trademarks and trade dress . . . serves the same statutory purpose of preventing deception and unfair competition.").

In its most common form, trade dress consists of the packaging and labels for a particular product. *Original Appalachian Artworks, Inc. v. Toy Loft, Inc.*, 684 F.2d 821, 831 (11th Cir. 1982) ("[T]he majority of trade dress claims involve a manufacturer's container or packaging . . . ."). Trade dress can also consist of the appearance of buildings, *Two Pesos*, 505 U.S. 763, a single color, *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995), a fragrance, *In re Clarke*, 17 U.S.P.Q.2d 1238 (T.T.A.B. 1990), a sound, *In re General Elec. Broad. Co.*, 199 U.S.P.Q. 560 (T.T.A.B. 1978), or unique sales techniques. *See Original Appalachian Artworks*, 684 F.2d at 831.

It is also obvious that in proper cases aspects of a product's appearance can constitute protectable trade dress. *See, e.g., Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir. 1995) (furniture); *Kohler Co. v. Moen Inc.*, 12 F.3d 632 (7th Cir. 1993) (water faucet). In enacting the Trademark Law Revision Act of 1988, Congress sought to codify the judicial extension of trade dress protection to product design under the Lanham Act. *See* S. Rep. 100-515,

at 44, 1988 U.S.C.C.A.N. at 5607. Indeed, with respect to some products, *e.g.*, automobiles, a visibly unique design can operate as efficiently as a word mark in distinguishing one source from another. *See, e.g., Chrysler Corp. v. Silva*, 118 F.3d 56, 57 (1st Cir. 1997) ("[T]here is enormous competition that depends upon the body appearance of automobiles."). The extension of trade dress protection to product designs is thus neither a novel development in the law of unfair competition, nor is it one outside the contemplation of Congress.

B. This Court has Recognized the Validity of Commerce Clause-Based Protection for Qualifying Product Features

In appropriate cases, the extension of trade dress protection to product features creates no constitutional issue, even if those features are disclosed in a utility patent. In 1879, this Court invalidated the first federal trademark statute enacted under the auspices of the Patent and Copyright Clause, U.S. CONST. art. I, § 8, cl. 8, on the ground that trademarks constituted neither "writings" nor "discoveries" within the meaning of that clause. *United States v. Steffens (The Trade-Mark Cases)*, 100 U.S. 82, 94 (1879). In doing so, however, the Court pointedly noted that federal legislation to protect brand signals would withstand constitutional scrutiny if enacted pursuant to Congress' plenary authority under the Commerce Clause, U.S. CONST., art. 1, § 8, cl. 3. *See id.* at 94-95.

The protectability under the auspices of the Commerce Clause of brand signals consisting of product features appears even in those opinions of this Court that have placed limits on that protection. Although the Court properly has recognized that the expiration of a utility patent will dedicate to the public *the subject matter of the patent's claims*, this dedication has never been extended to create an unfettered

right to copy without regard to the risk of consumer confusion. Thus, for example, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), did not hold that the claimant's shredded wheat configuration was in the public domain merely because the utility patent that disclosed the process for manufacturing the configuration had expired. Rather, the Court's conclusion turned as well on its conclusion that "[t]he evidence is persuasive that this form is functional—that the cost of the biscuit would be increased and its high quality lessened if some other form were substituted for the pillow-shape." *Id.* at 122. Were the Patent and Copyright Clause dispositive of the inquiry, the Court would have had little reason to address the issue of the design's functionality. That it did so, however, reflects the actual holding of *Kellogg* that "[s]haring in the goodwill of an article unprotected by patent *or trade-mark* is the exercise of a right possessed by all . . . ." *Id.* (emphasis added).

Likewise, in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), which addressed the protectability of a configuration covered by a design patent, this Court did not hold that the Patent and Copyright Clause creates an absolute right to copy that trumps all other forms of intellectual property protection. Rather, the Court noted that the "right" to copy created by the federal patent laws extended only to cases in which "the design is not entitled to a design patent *or other federal statutory protection.*" *Id.* at 238 (emphasis added). Properly framed, the issue is thus whether the Lanham Act constitutes just such a statute.

C. The Prerequisites for Federal Trade Dress Protection Prevent a Conflict With the Federal Utility Patent Regime

In the intervening three and a half decades, courts uniformly have recognized that the Lanham Act constitutes "other federal statutory protection" within the meaning of

Compco, culminating in *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), in which this Court implicitly extended federal protection to "distinctive marks of all kinds, whether the claimed mark used distinctive words or symbols *or distinctive product design.*" *Id.* at 772 (emphasis added). During that time, the case law has "consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property." *Kohler*, 12 F.3d at 638.

The reason for this outcome lies in the prerequisites for relief under a trade dress infringement cause of action, which differ dramatically from their utility patent counterparts. Specifically, these prerequisites include:

1. *The Use In Commerce Requirement*: To qualify for protection, a claimed trade dress must be used in commerce as a brand signal. *See generally* Restatement (Third) of Unfair Competition § 18 (1995). This prerequisite for protection has no equivalent under utility patent law. *See, e.g., Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 261 (C.C.P.A. 1978) ("The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly.").

2. *The Distinctiveness Requirement*: Trade dress claimants also must demonstrate that their designs are recognized as distinctive brands, *see Two Pesos*, 505 U.S. at 768-70, a requirement that likewise has no counterpart under the federal utility patent regime. *See Kohler*, 12 F.3d at 638. The burden of demonstrating a product configuration's acquired meaning as a brand signal, largely overlooked by the Tenth Circuit in *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), is not one to be taken lightly. Rather, as this

Court recently has recognized, consumers do not typically draw brand distinctions based on product shape. *See Wal-Mart Stores, Inc. v. Samara Bros.*, 120 S. Ct. 1339, 1344 (2000).[4]

3. The Nonfunctionality Requirement: To qualify as protectable trade dress, a product feature must be nonfunctional or, in other words, not essential to the use or purpose of the product or affecting the product's quality or cost. *Inwood Labs. v. Ives Labs.*, 456 U.S. 844, 850 n.10 (1982); *see also Qualitex*, 514 U.S. at 169; *Two Pesos*, 505 U.S. at 769. A functional design is equivalent to a generic word: it cannot be appropriated as trade dress by one competitor because it either cannot distinguish goods

[4] Indeed, the burden of showing an acquired meaning is even greater in cases in which the features claimed as trade dress are addressed by the claims of a utility patent:

> [W]hen a trade dress sought to be protected was formerly contained in a [utility] patent, evidence establishing secondary meaning must also show that any connection between the trade dress of the product and its producer does not primarily stem from the expired patent. This ensures that there is a true connection between the producer and the product in the minds of the consumers . . . .

Thomas & Betts Corp. v. Panduit Corp., 138 F.3d 277, 294 (7th Cir.), *cert. denied*, 525 U.S. 929 (1998) *accord Zip Dee, Inc. v. Dometic Corp.*, 931 F. Supp. 602, 615 (N.D. Ill. 1996) (discounting significance of exclusive use during pendency of utility patent on ground that "[i]t is no great trick to build up secondary meaning in a product configuration if the normal forces of competition are kept from utilizing that configuration for 17 years by the sword and shield of patent protection"); *see also J.C. Penney Co. v. H.D. Lee Mercantile Co.*, 120 F.2d 949, 954-55 (8th Cir. 1941) (discounting exclusive use during pendency of design patent application).

as originating from one source or is essential to communication and competition. *See generally Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322 (Fed. Cir. 1999); *see also Fun-Damental Too, Ltd. v. Gemmy Indus.*, 111 F.3d 993, 1000-01 (2d Cir. 1997). This prerequisite again has no equivalent under utility patent law and, indeed, is at least to some degree antithetical to the requirement of 35 U.S.C. § 101 that a product feature have utility to qualify for patent protection.

4. The Likelihood of Confusion Test for Liability: Even if a plaintiff is able to qualify its design for trade dress protection by proving use in commerce, distinctiveness, and nonfunctionality, it must then prove liability. Liability in the infringement context requires a demonstration that the defendant's conduct has created a likelihood of confusion in the marketplace. 15 U.S.C. §§ 1114, 1125(a) (West 1997 & Supp. 2000).[5] Unlike the tests for infringement of a utility patent, the likelihood of confusion test in and of itself does not prevent the wholesale copying of a plaintiff's design. *See, e.g., Duraco Prods., Inc. v. Joy Plastic Enters.*, 40 F.3d 1431, 1448 (3d Cir. 1994) ("It is not ipso facto 'unfair competition,' we believe, for one boldly to copy a competitor's product . . . ."); *Unital, Ltd. v. Sleepco Mfg., Ltd.*, 627 F. Supp. 285, 292 (W.D. Wash. 1985) ("Even where the copying is identical, the inability of the public to tell two identical articles apart is not

[5] In addition to liability for infringement, federal law provides for relief against the dilution of famous and distinctive indicators of origin. *See* 15 U.S.C.A. § 1125(c) (West 1997 & Supp. 2000). The proper relationship between federal dilution and utility patent law, however, is not directly implicated by this case.

enough to support an injunction against copying."). Rather, "[o]thers can produce designs similar to the [claimed trade dress] so long as there is no likelihood of consumer confusion." *Kohler*, 12 F.3d at 643.

In light of these prerequisites, this Court properly recognized in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), that the tort of unfair competition "has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." *Id.* at 158. Likewise, as one court has explained in comments equally applicable to utility patent law, "[t]he trademark owner has an indefinite term of protection, it is true, but in an infringement suit must . . . prove . . . likelihood of confusion, which the owner of a design patent need not do; there is therefore no necessary inconsistency between the two modes of protection." *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985). Trade dress and utility patent protection therefore

> "exist independently . . . under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. [There is] no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law."

Midwest Indus. v. Karavan Trailers, Inc., 175 F.3d 1356, 1362 (Fed. Cir.) (quoting *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)), *cert. denied*, 120 S. Ct.

527 (1999). Although rigorous application of the prerequisites for trade dress protection is essential to avoid undermining the federal patent regime, Restatement (Third) of Unfair Competition § 16 cmt. b (1995), no conflict between the two bodies of law exists if those requirements are honored.

II. Trade Dress Functionality Is The Relevant Inquiry

A. The Significance of the Nonfunctionality Requirement

Although the other prerequisites of (i) use in commerce, (ii) distinctiveness, and (iii) likelihood of confusion each distinguish federal trade dress law from utility patent law, courts traditionally have placed the greatest emphasis on nonfunctionality as the key to preventing a conflict between the two. "The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex*, 514 U.S. at 164. Thus, for example, the reason for the invalidation of the claimed trade dress in *Sears* was that the lower courts' recognition of trade dress protection in that case extended to "the functional aspects of a product which had been placed in the public commerce absent the protection of a valid patent." *Bonito Boats*, 489 U.S. at 156.

Following this Court's lead, all Circuits other than the Tenth that have addressed the issue have concluded that a requirement of nonfunctionality is sufficient, in and of itself, to prevent a statutory conflict between the federal trademark and utility patent regimes. *See, e.g., Ashley Furniture Indus. v. Sangiacomo N.A.*, 187 F.3d 363, 376 (4th Cir. 1999) ("[T]he trade dress rule that functional aspects of a product, although patentable, are not protectable as trade dress directly eliminates any conflict between patents for useful items and trade dress protection for product configura-

tion[s]."); *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985) ("[P]rovided that a defense of functionality is recognized, there is no conflict with federal patent law."). Indeed, the rule precluding trade dress protection from attaching to functional features resolves any lingering constitutional issues as well. *See Wilhelm Pudenz GmbH v. Littelfuse Inc.*, 177 F.3d 1204, 1208 (11th Cir. 1999)

Moreover, although nonfunctionality long has been an extrastatutory requirement for trade dress protection, Congress recently has amended the Lanham Act to retain functionality as a defense even in cases in which the claimant's design is covered by an incontestable trademark registration. *See* 15 U.S.C.A. § 1115(b)(8) (West 1997 & Supp. 2000); *see also id.* § 1064(f) (providing for the cancellation "at any time" of federal trademark registrations covering functional material). Thus, the absence of a statutory conflict is now express.

B. The Significance of a Utility Patent to the Functionality Inquiry

Although the Court of Appeals properly recognized that the disclosure of a feature in a utility patent does not necessarily preclude that feature from qualifying as protectable trade dress, the court may have failed to provide the District Court with proper guidance on how to conduct the functionality inquiry on remand. INTA submits that the significance of a disclosed feature in a utility patent is two-fold: First, functionality cannot be determined as a matter of law by reference to the claims alone. Second, however, claims of utility nevertheless may be highly probative of functionality.

As to the former of these propositions, the complexity of the functionality inquiry poses an obstacle to any court attempting to resolve it as a matter of law based only on the claims of a patent. Not only has functionality historically been treated as a factual inquiry,[6] it is one that in many cases has turned on an application of various multi-factored tests that take into account considerations other than the existence of a related utility patent. Although there is no universal standard for functionality, a characteristic test is the one set forth in *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332 (C.C.P.A. 1982), which, in addition to the existence of a utility patent, considered the nature of the claimant's advertising, the existence of viable alternative designs, and economies of manufacture as relevant factors. *See id.* at 1341. Factors considered by other courts include the inherent utility of a design, the relationship between the claimed elements and the success of the associated goods or services, and the plaintiff's intent in adopting its design. *See, e.g., Merchant & Evans v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628, 634 (3d Cir. 1992); *Industria Arredarenti Fratelli Saporiti v. Charles Craig, Ltd.*, 725 F.2d 18, 19-20 (2d Cir. 1984); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1218 (8th Cir. 1976). Consequently, the mere existence of a related utility patent always has been weighed in light of other extrinsic evidence standing outside of the patent's scope. *See, e.g., Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989).

The legal, as opposed to factual, significance of a utility patent is limited by another aspect of the functionality inquiry. Functionality analysis presupposes that as product designs become more functional, they become more similar

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[6] *See, e.g., Epic Metals Corp. v. Souliere*, 99 F.3d 1034, 1037 (11th Cir. 1996); *Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235, 1246 (6th Cir. 1991); *Brunswick Corp. v. Spinit Reel Co.*, 832 F.2d 513, 521 (10th Cir. 1987); *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 843 (9th Cir. 1987); *CIBA-GEIGY Corp. v. Bolar Pharmaceutical Co.*, 747 F.2d 844, 850 (3d Cir. 1984); *Vuitton et Fils S.A. v. J. Young Enters.*, 644 F.2d 769, 765 (9th Cir. 1981).

in appearance. In some cases, therefore, a finding of functionality may lie if there is one "best" design that realistically may be used by competitors. *See, e.g., Tyco Indus. v. Tiny Love, Ltd.*, 914 F. Supp. 1068, 1082 (D.N.J. 1996); *In re Carr-Griff, Inc.*, 223 U.S.P.Q. 359, 360-61 (T.T.A.B. 1984). In other cases, "[i]t is sufficient that the design [the trade dress claimant] seeks to [protect] is one of a few superior designs, or that the number of alternative designs is limited." *Greenhouse Sys., Inc. v. Carson*, 37 U.S.P.Q.2d 1748, 1754-55 (T.T.A.B. 1995); *see also In re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985).

In contrast, the concept of "utility" in a utility patent is not tied to the question of converging designs. Moreover, utility patents typically focus on how the design operates, not on its appearance. Indeed, utility patent law's doctrine of equivalents expressly recognizes the possibility that two designs may be arranged in entirely different manners and yet embody the same utility. *See generally Warner-Jenkinson Co. v. Hilton-Davis Chem. Co.*, 520 U.S. 17 (1997).

Of equal importance, in the utility patent context, "[a]n infringement analysis entails two steps. The first step is determining the meaning and scope of the patent claims asserted to be infringed. The second step is comparing the properly construed claims to the device accused of infringing." *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 976 (Fed. Cir. 1995) ("*Markman I*") (citation omitted), *aff'd*, 517 U.S. 370 (1996) ("*Markman II*"). As this Court has recognized as to the second step of this process, a comparison of a utility patent's claims to a particular device is a factual exercise peculiarly within the province of a jury. *Markman II*, 517 U.S. at 377 ("[T]here is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago."); *see also Markman I*, 52 F.3d 984 ("[T]he patentee's right to a jury trial on the application of the properly construed claim to the accused

device is preserved as it was in 1791."). Consequently, the Tenth Circuit's practice of determining the eligibility for trade dress protection of a feature addressed by a utility patent merely by reviewing the patent itself stands on a shaky constitutional foundation.

Nevertheless, the existence of a related utility patent may have particularly probative force in the functionality inquiry, and the Court of Appeals in this case may have erred by failing to recognize the *factual* significance of the disclosure made in the patent to the eligibility of the features in question for trade dress protection. In particular, although the disclosure may not be dispositive, "[t]he existence of an expired utility patent is weighty evidence of functionality . . . ." *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998); *see also Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 695 (S.D.N.Y. 1963) (finding plaintiff's configuration functional in part on basis of expired utility patent); *In re Caterpillar Inc.*, 43 U.S.P.Q.2d 1335, 1339 (T.T.A.B. 1997) ("The fact that the utility patent discloses the utilitarian advantages of applicant's . . . configuration design is strong evidence of the *de jure* functionality of the configuration in which applicant alleges trademark significance.").

Indeed, the significance of a utility patent may not be limited to what is recited in the claims themselves, if the functionality of the plaintiff's device is apparent in the patent's overall disclosure (including the patent prosecution history as well). *See In re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985). Here, respondent not only has recited allegations of utility in its claims, it also has alleged the following in one of its summaries of the invention:

> One of the problems which has been encountered in the past with . . . poster display

> devices is that they are frequently tipped over by the wind.
>
> . . . .
>
> The present invention overcomes this problem by providing a poster frame which is mounted to a base by a spring structure which permits the poster frame to be deflected downwardly rather than upwardly whereby the component of the wind force tending to tip the device is diminished as the wind velocity increases. Also, the dimensions and location of centers of gravity of the sign components are so dimensioned as to prevent tipping of the sign after deflection of the frame by the wind.

United States Patent No. 3,662,482.

Competitive advantage such as that alleged by respondent's patents is, of course, critical to the inquiry into the functionality of the underlying designs even under the approach taken by the Tenth Circuit Court of Appeals. *See Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1507 (10th Cir. 1995). Indeed, "the 'crux' of the distinction between de facto and de jure functionality—determining eligibility for trademark protection or not—is a design's effect on competition." *Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1531 (Fed. Cir. 1994) (citation omitted). Properly phrased, therefore, "[t]he public policy involved in this area of the law [is] not the *right* to slavishly copy articles which are not protected by patent . . ., but the *need* to copy those articles, which is more properly termed the right to compete effectively." *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1339 (C.C.P.A. 1982). The failure by the Court of Appeals in this case to appreciate the significance of the respondent's recitations in its patents as factual evidence therefore has provided this Court with the

opportunity to reinforce the importance of the entire disclosure of a utility patent in the inquiry into the degree of functionality attaching to the overlaying designs.

Specifically, the Court of Appeals appears, at least partially, to have avoided an assessment of the functionality of respondent's dual-spring design by treating it as only one of a combination of other functional elements and by suggesting that if petitioner chose to emulate the design, even for cost and quality reasons, it might "have to find some other way to set its sign apart." Not only is a combination of functional features still functional, *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 80 (2d Cir. 1990), but a claim should not lie when the only feature differentiating respondent's design from those of competitors is functional. *See, e.g., In re Shenango Ceramics, Inc.*, 362 F.2d 287 (C.C.P.A 1966); *In re Reddi-Wip, Inc.*, 150 U.S.P.Q. 213 (T.T.A.B. 1966). Stated differently, an assertion of similarity should not arise when a formerly differentiating, but functional feature becomes available for copying by reason of a patent's expiration.

III. Protection Of Nonfunctional And Distinctive Brand Signals Is Critical To The Competitive Process

In light of the stringent prerequisites for trade dress protection, relatively few product features, particularly those that are or have been simultaneously disclosed by the claims of a utility patent, will qualify. Yet, if the prerequisites are met, it does not serve the interests of competition to allow the emulation of the features despite their brand significance. Rather, the protection of trademarks, regardless of the form they may take, is "the essence of competition . . . . To protect trademarks, therefore, is to protect the public from deceit, to foster fair competition, and to secure to the business community the advantages of reputation and good will by

preventing their diversion from those who have created them to those who have not." S. Rep. No. 79-1333, at 3 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275.

Nonfunctional and distinctive elements added to a particular good, like a verbal trademark attached to it, are not monopolies in the underlying utilitarian good. *See Levi Strauss & Co. v. Blue Bell, Inc.*, 632 F.2d 817, 821 n.5 (9th Cir. 1980). On the contrary, they are brand signals, and no market has ever been defined as narrowly as a single brand. *See United States v. E. I. Du Pont de Nemours & Co.*, 351 U.S. 377, 393 (1956); *see also Kohler Co. v. Moen Inc.*, 12 F.3d 632, 637 (7th Cir. 1993) ("Significantly, while a patent creates a type of monopoly pricing power by giving the patentee the exclusive right to make and sell the innovation, a [product configuration] trademark gives the owner only the right to preclude others from using the mark when such use is likely to cause confusion or to deceive."). This Court's observation in *Two Pesos* that "[p]rotection of trade dress, no less than trademarks, serves the [Lanham] Act's purpose to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers" therefore applies with equal force in this context. *See* 505 U.S. at 774 (internal quotation marks omitted). This Court therefore should not discourage competition in the interest of promoting it.

CONCLUSION

The touchstone of trade dress protection is the communication and appreciation of a nonfunctional distinguishing, source-identifying message. If the disclosure of a utility patent, in conjunction with other facts appropriately considered in the functionality inquiry, disclose that the design overlaying the patent's claims is functional in nature, claims to the design's protection as trade dress should be dismissed. Nevertheless, an excessive concern for competition through a

per se legal prohibition on the trade dress protection of designs disclosed in a utility patent, without an inquiry into whether they are nonfunctional, can actually undermine symbols on which consumers rely, and limit consumers' access to products of quality and variety.

Respectfully submitted,

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Supreme Court, U.S.
FILED
AUG 24 2000
CLERK

No. 99-1571

In the

Supreme Court of the United States

TRAFFIX DEVICES, INC.,

Petitioner,

v.

MARKETING DISPLAYS, INC.,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

BRIEF AMICUS CURIAE OF PANDUIT CORP. IN SUPPORT OF PETITIONER

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August 2000

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BRIEF AMICUS CURIAE OF PANDUIT CORP.

Panduit Corp. submits this brief as Amicus Curiae in the above action in support of Petitioner.[1] Panduit Corp. has the permission of the parties to submit this brief.

INTEREST OF THE AMICUS

Panduit Corp. is the defendant in pending litigation with Thomas & Betts Corp. and Thomas & Betts Holdings, Inc., in the United States District Court for the Northern District of Illinois (Civil Action No. 94 C 2656), which involves claims of trade dress infringement for the subject matter of expired utility and design patents.

In 1998, Panduit Corp. filed a Petition for Writ of Certiorari (Case No. 98-179), which was denied, after the Court of Appeals for the Seventh Circuit reversed the District Court's grant to Panduit Corp. of summary judgment on the trade dress claims. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 525 U.S. 929 (1998). The Court of Appeals for the Sixth Circuit in this action (200 F.3d at 939) cited the Seventh Circuit's decision, as did the Petitioner in its briefs in support of its Petition (Petition, p. 13; Reply, p. 7 n.7).

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[1] Pursuant to Rule 37.6, Amicus states that this brief was not authored in whole or in part by counsel to a party, and that no person or entity other than the Amicus and its counsel made a monetary contribution to the preparation or submission of the brief.

Panduit Corp. writes to advance a view of the issue under review not previously found in the parties' arguments, namely that the bright-line rule enunciated by this Court in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896), should control the Court's decision.

SUMMARY OF ARGUMENT

This Court should use this occasion to reaffirm and follow its holding in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896), and enunciate a bright-line rule that bars trade dress protection for "the thing formerly covered by the patent" because, upon expiration of the patent, the right to make that thing "becomes public property." Such a rule would clarify matters for courts and competitors and stop the erosion of the public's bargain with inventors as set forth in the Constitution. Such a rule also would harmonize the patent laws with the trademark laws.

If this Court declines *per se* to apply *Singer* to this case, it still should find for Petitioner and hold, consistent with *Singer*, that unregistered product features covered by an expired utility patent are not eligible for trade dress protection. At a minimum, this Court should hold, without any additional conditions, that unregistered features claimed in a patent are not protectable under the trademark laws. Whichever of these routes the Court chooses, its guiding light should be to protect the basic tenet of our free market system—that copying is essential.

ARGUMENT

I. THE BARGAIN EMBEDDED IN THE PATENT LAWS IS BASED ON THE CONSTITUTION

The fundamental basis of the patent laws is the bargain between the inventor and the public. The inventor enjoys a private right—for a limited time—to exclude the public from using the invention, in return for public disclosure of the invention and its dedication to the public. This carefully balanced bargain lies in the Patent Clause of the United States Constitution.

Article I provides that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. Following the Constitution's directive, Congress enacted the first patent law in 1790, and defined the limited time of exclusivity. In 1994, Congress amended the present Patent Act to provide that a patent expires twenty years after filing of the application for patent.

As reasoned by this Court, the Framers plainly intended to "promote the Progress of Science and useful Arts" by limiting the period of exclusivity so that the public could use and enjoy the invention once the inventor had reaped the benefits of his or her investment of time, research, and development. *See Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81 (1974). Preventing the public from freely adopting the features of the expired patent beyond the limited Times dictated by the Constitution, runs counter to the directive of the Constitution's Framers, and thereby upsets the original patent bargain.

Recent decades have seen a growth in the recognized subject matter of the trademark laws. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339 (2000); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995). It is inevitable, therefore, that parties eventually would seek to apply the trademark laws to unregistered trade dress or product configurations found in expired utility patents. This conflict has come to full boil as some beneficiaries of the patent bargain—the patent holders—seek to breach their limited Times bargain by bootstrapping the subject matter of their expired patents to the Lanham Act and preventing the public from enjoying its benefit of the patent bargain. This Court must step in to declare that when the limited Times period ends, the Lanham Act cannot perpetuate the period of exclusivity. The patent holder and the public struck their deal when the patent was granted. This Court should now uphold the bargain by declaring that trade dress protection cannot resurrect what the patent law has laid to rest.

II. THE *SINGER* DECISION OFFERS THIS COURT A BRIGHT-LINE RULE THAT HONORS THE LIMITED TIMES PROVISION OF THE CONSTITUTION

Over 100 years ago this Court faced a case involving expired patents and related trademark claims, *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896). *Singer* provides this Court with the precedent and opportunity to find for the Petitioner and reverse the decision below.

In *Singer*, this Court made a bright-line rule and firmly and unequivocally found that the rights of the patent holder in an invention and the product configuration end with the expiration of the patent. Justice White stated:

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent. We, may, therefore, dismiss without further comment the complaint, as to the form in which the defendant made his machines.

Singer, 163 U.S. at 185.

The benefit to the public of free competition in the manufacture and sale of a product upon expiration of the patent is manifest in *Singer*. There, when the monopoly on the sewing machine ended upon expiration of the patents, prices were "very materially reduced," and competitors sprang up with their own versions of Singer's sewing machines. *Id.* at 174. The plaintiff in *Singer*, predictably, as Respondent has done here and others have done before and since, turned to trademark law in an effort to take away from the public what it had previously been given, namely, the right to make the thing formerly covered by the patent. *See id.* at 174-75.

Since the decision in *Singer*, this Court has held to its view that upon expiration of the patent, "the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S.

225, 230 (1964) (citing *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120-22 (1938)).

This Court also has repeatedly declared that the patent laws amount to a bargain wherein the inventor receives a limited monopoly in exchange for the placement of the invention in the public domain after the patent expires. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51 (1989); *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 186-87 (1933). Any continuation of the monopoly "after the patent expires, whatever the legal device employed, runs counter to the policy and purpose of the patent laws." *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945).

In *Singer*, the plaintiff marked its sewing machines with the patent numbers that protected them and excluded competition. *Singer*, 163 U.S. at 175. The use of the patent numbers declared to the world that the product was protected, with the price being that the product was free to be copied upon expiration of the patents, and that the patent owner understood this. In this case, Respondent also marked its product with the relevant patent numbers. *See Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 971 F. Supp. 262, 264 (E.D. Mich. 1997), *aff'd in part, rev'd in part*, 200 F.3d 929 (6th Cir. 1999), *cert. granted*, 120 S. Ct. 2715 (2000).

This Court should follow here the bright-line view that it previously declared in *Singer*. Under the rule, Respondent would not be allowed to use trade dress law and the Lanham Act to bar competitors, such as Petitioner, from making the thing formerly covered by the patents

because the right to make it is now public property. *See Singer*, 163 U.S. at 185.

Deciding this case by applying the *Singer* bright-line rule would provide certainty to legitimate competitors in our free enterprise system. When a patent expires, competitors may imitate, and copy if desired, the formerly-patented product.[2] This is the Constitutionally-mandated price for the limited monopoly enjoyed by the inventor.

III. THE *SINGER* BRIGHT-LINE RULE HARMONIZES THE PATENT LAWS AND THE LANHAM ACT

With decisions such as that of the Sixth Circuit in this case, competitors face a quandary when a patent expires: may they copy the invention, as has been their long-standing expectation under *Singer* and its progeny, or will trade dress protection and the Lanham Act step in and do what the Constitution forbids, *i.e.*, extend the limited period of exclusivity in perpetuity? If this Court applies the *Singer* bright-line rule, there will be no question about what a competitor can or cannot do. The patent expired, *ergo,* competitors may fairly compete by making and selling the product previously covered by the patent.

If this Court applies the *Singer* rule to this case, it actually would harmonize patent law with the Lanham

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[2] Of course, if the product were covered by multiple patents, as was the case in *Singer*, the bright-line rule would apply to the features of the product as the patents expired.

Act. Following *Singer* would immeasurably clarify trade dress law, while still allowing for Lanham Act protection in deserving cases. Nonfunctional product design trade dress is, of course, subject to protection under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), if it has acquired distinctiveness and if confusion is likely. *See Wal-Mart*, 120 S. Ct. at 1343; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

But in the case of an expired utility patent, because the patent owner already has reaped the benefit of the patent bargain, policies and equities shift dramatically away from the patent owner to the public, and the trade dress test for legal functionality is greatly simplified. Under *Singer*, a court considering a product design trade dress claim need look only to the four corners of the patent, the same as the business seeking to compete has a legal right to do. A feature of the patented product is legally functional if it is found in the patent. *See Atlantis Silverworks, Inc. v. 7th Sense, Inc.*, 42 U.S.P.Q. 2d 1904, 1910 (S.D.N.Y. 1997) (granting summary judgment dismissing unfair competition claim because alleged trade dress features were the subject of a utility patent and were, therefore, functional). If the feature is in a patent, it is not protectable under the Lanham Act, and its term of protection under the law will not exceed the life of the patent. This is the only approach that does not do violence to the limited Times mandate of the Constitution, and that reconciles the patent and trademark laws.

If a competitor cannot rely with certainty on the product features disclosed in the patent, and adopt them,

effective competition is restrained as a matter of law and the public automatically loses. This rationale explains why this Court has held that a patent owner may not extend its right to exclude "by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent, whether or not such matter describes essential elements of the invention or claims." *Scott Paper*, 326 U.S. at 256 (citing *Kellogg*, 305 U.S. at 117-20, and *Singer*, 163 U.S. at 185).

Moreover, following the *Singer* bright-line rule and denying trade dress protection to features of expired utility patents does not mean that public confusion will reign. Instead, the patent owner may use the trademark laws to protect the indicia of source, such as the trademark, the packaging, and even the color of the product, if distinctive. At the same time, the competitor who opts to use the features of the expired patent will be required under settled Lanham Act law to adopt its own, different, indicia of source to avoid both confusion and a claim of infringement. Thus, refusing Lanham Act rights in the features disclosed within the four corners of an expired utility patent in no way will subject the public to confusion.

Singer applied the same rationale. In *Singer*, this Court held that the defendant was permanently enjoined "from marking upon sewing machines or upon any plate or device connected therewith or attached thereto the word "Singer," or words or letters equivalent thereto, without clearly and unmistakably specifying in connection therewith that such machines are the prod-

uct of the defendant or other manufacturer, and therefore not the product of the Singer Manufacturing Company." *Singer*, 163 U.S. at 204. This Court recognized that the public must be kept free from confusion, yet also recognized that there are other means of achieving that aim rather than denying the defendant the Constitutionally-mandated right to copy when a patent expires.

IV. IF THIS COURT ELECTS NOT TO APPLY THE *SINGER* RULE, IT SHOULD HOLD THAT TRADE DRESS PROTECTION DOES NOT EXTEND TO AN UNREGISTERED PRODUCT CONFIGURATION COVERED BY AN EXPIRED PATENT

If this Court declines *per se* to apply the *Singer* bright-line rule, then it still should find, consistent with *Singer*, that trade dress protection does not extend to an unregistered product configuration "covered" by an expired patent. Although such a holding would reduce the scope of the holding in *Singer*, thereby hampering competition to a certain extent, at least it still would preserve the core elements of the limited Times provision. Any feature found in an expired patent would not be eligible for trade dress protection. The rule would be clear to courts and to competitors. Further, such a rule would not foreclose the possibility that the holder of an expired patent could rely on other distinctive source-identifying features to distinguish its products and to maximize goodwill with the public from the products developed by competitors.

Petitioner and Respondent have been vague in their briefs on the Petition for Writ of Certiorari, and in the

Question Presented, as to what "covered by an expired utility patent" means. Panduit Corp. respectfully submits that this Court should declare what is meant by "covered by." This Court should hold that a feature found in any part of an expired utility patent, *i.e.*, the drawings, specification, or claims of an expired patent, is "covered by" the patent, and is available for copying upon expiration of the patent.

V. AT A MINIMUM, FEATURES CLAIMED IN AN EXPIRED PATENT SHOULD BE DENIED TRADE DRESS PROTECTION

At a minimum, this Court should hold that unregistered product features *claimed* in an expired patent may not be protected under trade dress law. Features set forth in the patent claims are the invention for which the patent has been issued. The features in the patent claims have been disclosed to the public via the patent process, and in return the inventor has received a limited Times period of exclusivity. These are the features that must, at a minimum, be denied trade dress protection. To do otherwise would eviscerate the limited Times provision declared and repeated in a legion of this Court's decisions.

VI. THE COURT SHOULD TAKE THIS OPPORTUNITY TO EXPUNGE THE "SIGNIFICANT INVENTIVE ASPECT" REQUIREMENT OF *VORNADO*

The Court of Appeals for the Tenth Circuit decision cited by the Sixth Circuit in this case found that trade dress protection does not extend to features claimed in

an expired utility patent. *See Vornado Air Circ. Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996). However, in *Vornado*, the court held that the claimed feature also must be "a described, *significant inventive aspect* of the invention." *Vornado*, 58 F.3d at 1510 (emphasis added).

As noted above, denying trade dress protection to a feature claimed in an expired utility patent is the minimum scope of the holding this Court should issue. The addition by the Tenth Circuit in *Vornado* of the "significant inventive aspect" requirement only furthers the uncertainty experienced by legitimate competitors because it adds an unknown, unquantifiable parameter.

Under *Vornado*, one could have a situation where trade dress protection might extend to a feature claimed in an expired utility patent because it was determined not to be a significant inventive aspect of the patent. This would result in a situation where a feature claimed in an expired patent, and thus a feature that was subject to patent protection during the limited Times period, could receive perpetual protection under the trademark laws because it was later found not to be a significant inventive aspect of the expired patent.

Further, the significant inventive aspect element adds uncertainty to an area where this Court clearly has demonstrated a desire to lessen uncertainty by granting the Writ. Under the rule in *Vornado*, finding the feature in the patent, or in the claims of the patent, would not necessarily mean that it is available for copying upon expiration of the patent. Competitors would have to conduct an ethereal analysis into whether the feature is

a significant inventive aspect. Many situations will likely be close, and legitimate competitors would likely be deterred from copying such a feature—harming the public by denying it the benefits of free competition, and the benefits of the limited Times bargain set forth in the Constitution.

This Court should take this opportunity to state that the "significant inventive aspect" requirement has no part in determining whether trade dress protection may be afforded to a feature claimed in an expired utility patent.

VII. FINDING FOR THE PETITIONER WILL FOSTER FAIR COMPETITION AND FURTHER THE PUBLIC INTEREST

The Founding Fathers had great foresight in drafting the limited Times provision. They realized that the government should encourage American invention and ingenuity by bestowing benefits upon an inventor, but that those benefits should not last in perpetuity. The limited Times provision balances rewarding the inventor with a period of exclusivity and the public interest in fostering competition.

This Court has rightly been true to the limited Times concept. To do otherwise would make fair competition impossible. Free and fair competition needs certainty; the ruling below by the Sixth Circuit only muddies the water.

The cost and time of investigations, legal opinions, and, probably, consumer surveys, place significant re-

strictions on the public's ability to practice the invention and thus operate as a barrier and deterrent to free and open product competition, which is "a fundamental premise of the free enterprise system." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 1 cmt. a (1995). Indeed, these investigations, opinions, and surveys would make it economically burdensome for a small competitor to compete by using the teachings of an expired patent. Moreover, even after conducting all of the investigations outlined above and incurring the many necessary investments of time and money, a potential competitor still may face a jury trial, possibly an injunction order to withdraw the product from the market, and possibly a judgment for unknown damages.

Realization of all the benefits of free competition requires the certainty that one can copy the teachings of an expired patent or patented device. This Court has held that "[w]here an item in general circulation is unprotected by patent, '[r]eproduction of a functional attribute is legitimate competitive activity.'" *Bonito Boats*, 489 U.S. at 164. As Professor McCarthy has noted:

> The first principle of unfair competition law is that everything that is not protected by an intellectual property right is free to copy. In fact, copying is an essential part of the whole fabric of an economic system of free competition. Thus, the act of "copying," far from being intrinsically improper, is essential and should be lauded and encouraged, not condemned. There is absolutely nothing legally or morally reprehensible about exact copying of things in the public domain.

J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:122, at 23-270 (4th ed. 1997) (citations omitted).

Petitioner's actions in this case are consonant with the free competition system we enjoy in this country. As the Sixth Circuit found, "[k]nowing that the technology protected by a patent becomes available to the public after the patent expires, TrafFix owner and president Jack Kulp sent an MDI sign to Korea to be reverse engineered into a product he could sell in competition with MDI." *Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929, 932 (6th Cir. 1999), *cert. granted*, 120 S. Ct. 2715 (2000). In the wake of the Sixth Circuit opinion, competitors such as Petitioner will be significantly hampered and deterred from copying the product and features in an expired patent for fear of running afoul of the Lanham Act. This result runs contrary to this Court's holding in *Singer* and the Constitution's limited Times bargain.

When one lawfully can copy a commercially-proven device it enhances competition. Other designs that have not been commercially proven and that might become protected by an applied for, but unissued patent, are not equally attractive alternatives. When one is unsure about whether it is legal to copy a proven device, despite it being the subject of an expired patent, free and fair competition, the lifeblood of the American economic system, is severely hampered.

CONCLUSION

The Amicus respectfully asks this Court to reverse the decision below, and hold that trade dress protection does not extend to a product formerly covered by a patent.

Respectfully submitted,

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August 2000

Supreme Court, U.S.
FILED
AUG 24 2000
CLERK

No. 99-1571

IN THE

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED

Petitioner,

—against—

MARKETING DISPLAYS, INCORPORATED,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF OF THE HOLMES GROUP, INC. AS AMICUS CURIAE IN SUPPORT OF PETITIONER

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QUESTION PRESENTED

Petitioner sells wind-resistant traffic signs exemplified by the product depicted at 971 F. Supp. 277 (the "Accused Signs"). An integral part of the Accused Signs is an assembly of two vertically arranged, spaced-apart coil springs attached to and extending upwardly from the signs' base member. The configuration of the Accused Signs, including the configuration of the dual-spring assembly incorporated in those signs, admittedly is in the public domain under federal patent law, having been disclosed in a now-expired patent formerly owned by Respondent.

Notwithstanding the expiration of Respondent's patent, and notwithstanding that the configuration of the Accused Signs replicates a form in which Respondent made and sold its formerly patented invention during the term of Respondent's now-expired patent, the Court of Appeals held that Respondent could properly sue to enjoin Petitioner from selling the Accused Signs, on a theory that the configuration of the Accused Signs was subject to regulation as "trade dress" under certain recent lower federal court interpretations of Section 43(a) of the Trademark Act of 1946, as amended 15 U.S.C. § 1125(a) (the "Lanham Act").

As phrased by the Petitioner, the question presented is "whether federal trade dress protection extends to a product configuration covered by an expired utility patent" (Pet. at i). When expressed in terms of the language actually used in

Section 43(a) of the Lanham Act, the question presented by this case is:

> Does the configuration of the Accused Signs constitute a mere "symbol" or "device" used "on" or "in connection with" "goods" sold by Petitioner, as those terms are used in 15 U.S.C. § 1125(a), or does the configuration of the Accused Signs comprise an integral and inseparable part of the "goods" themselves?

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The Holmes Group, Inc. ("Holmes") respectfully submits this brief as *amicus curiae* in support of the Petitioner. Both parties have consented to the submission of this brief through letters filed with the Clerk of the Court. Counsel for Holmes authored this brief in its entirety. No other person or entity has made any monetary contribution to the preparation or submission of this brief.

INTEREST OF AMICUS CURIAE

Holmes manufactures and sells numerous models of household fans, air cleaners, humidifiers, lamps, and kindred goods. Some HOLMES® product models embody original designs on which Holmes holds issued or pending patents. Product differentiation is one way in which Holmes competes with rivals and appeals to that segment of consumer households which values unusual or memorable design in household products and is prepared to pay a premium for it.

Product differentiation is not, however, the *only* way in which Holmes competes with rivals. In addition to offering lines of highly differentiated products, Holmes also offers lines of more conventionally-designed HOLMES® products which are marketed primarily on the basis of price, brand name, service, and other factors besides originality of design. Price competition in the sale of similar or "commodity" products, embodying unpatented designs, is often the most important form of competition to price-conscious consumers.

Holmes's ability to design and bring new products to market, and Holmes's ability to engage in price competition in

the sale of similar products embodying unpatented designs, both depend crucially on Holmes's ability to use publicly known, unpatented design and utilitarian ideas in general circulation, and to do so without risking the kind of hugely costly, complex, and highly unpredictable litigation which this case well exemplifies.

In holding that Petitioner could be held liable under 15 U.S.C. § 1125(a) for making and selling the Accused Signs, regardless of what trademarks or symbols Petitioner might place on those signs, the Court of Appeals acted contrary to numerous decisions of this Court holding repeatedly, in various contexts, that a competitor in Petitioner's position has a "federal right to copy and to use" subject matter disclosed in an expired patent, *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989), "including the right to make it in precisely the shape it carried when patented." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964).

In case after case dealing with "unfair competition" claims indistinguishable, in principle, from the so-called "trade dress" claim asserted by Respondent here, this Court has repeatedly held that a first or "original" producer of goods embodying an unpatented design cannot exclude rivals from using or copying the design, but can require only that rivals refrain from "palming off their copies as the original." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 257 (1964). *Accord Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-22 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 184 (1896), *Coates v. Merrick Thread Co.*, 149 U.S. 562, 572-73 (1893).

"In regard to mechanical configurations, Congress ha[s] balanced the need to encourage invention and originality of invention against the need to ensure competition in the sale of identical or substantially identical products." *Goldstein v. California*, 412 U.S. 546, 569 (1973). The idea that 15 U.S.C. § 1125(a) outlaws "competition in the sale of identical or substantially identical products," *Goldstein*, 412 U.S. at 569, on a theory that the mechanical configuration of a product somehow constitutes "trade dress," has been aptly characterized as a judicial "fiction"[1] which some lower federal courts have recently adopted in order to make an "end run around Sears/Compco."[2] It is also a "fiction" which has no textual basis in 15 U.S.C. § 1125(a) and "notoriously lacks the support and endorsement of the Supreme Court." *Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 644 (7th Cir. 1993) (Cudahy, J., dissenting).

As a practical litigation matter, the decision below holds that consumers cannot have access to or purchase inexpensive reproductions of a product embodying an attractive, memorable, or proven design -- including even a product whose design is disclosed in an expired patent -- unless a would-be

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[1] Reichman, *Design Protection and the New Technologies*, 19 U. Balt. L. Rev. 6, 115 (1990), *quoted in* 1 J. McCarthy, *Trademarks and Unfair Competition* § 7.62 at 7-135 (4th ed. 2000).

[2] *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1505 (10 Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996) (quoting Dratler, *Trademark Protection for Industrial Designs*, 1988 U. Ill. L. Rev. 887, 916-24). *Cf.* Lange, *Recognizing the Public Domain*, 44 Law & Contemp. Probs. 147, 147 (1983) ("the growth of intellectual property in recent years has been uncontrolled to the point of recklessness").

manufacturer is prepared to spend years[3] and huge sums litigating such highly contestable issues as (a) what a poll might be argued to show is the "primary" significance of a product configuration in the minds of some percentage of some relevant universe of third-parties;[4] (b) whether a product, no matter how clearly marked as to its origin at the time of sale, might nevertheless be seen in a "post-sale" context and thereby "confuse" potential future purchasers, or perhaps even casual observers, of the product outside of its sale setting;[5] and (c) whether an integral part of a product's design might nevertheless be deemed "non-functional" in the 1980's lingo of some lower federal courts,[6] because in the opinion of a judge or jury, a producer having some level of competence and resources could compete "effectively" at some price, at some scale, over some period of time, in some market defined by no particular standard, by persuading some consumers to change their existing preferences and purchase products embodying an "alternative design."[7]

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[3] In one recent -- and still pending -- case, the parties have so far spent more than six (6) years litigating the "primary" and "secondary meaning," and "functionality" or "nonfunctionality," of the rounded oval head of an electrical cable tie disclosed in an expired patent. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.) (reversing summary judgment for defendant), *cert. denied*, 525 U.S. 929 (1998); *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995) (reversing preliminary injunction granted to plaintiff), *cert. denied*, 516 U.S. 1159 (1996); *Thomas & Betts Corp. v. Panduit Corp.*, 34 U.S.P.Q. 2d 1607 (7th Cir. 1994) (denying motion for stay of preliminary injunction granted to plaintiff).

[4] *Cf. Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 517 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989) (notwithstanding expired patent, manufacturer of radiator C-clamps enjoined under 15 U.S.C. § 1125(a) based on clamp design having "secondary meaning").

[5] *Cf. Ferrari S.p.A. Esercizio v. Roberts*, 944 F.2d 1235, 1239-48 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992) (over strong dissent, maker of automotive car bodies enjoined under 15 U.S.C. § 1125(a), based in part on potential "post-sale confusion" in the minds of pedestrians seeing cars pass on the street). It may be noted that the familiar "likelihood of confusion" standard for infringement under 15 U.S.C. § 1125(a) can be more protective than the standard of design patent infringement under 35 U.S.C. § 271. *Cf. Goodyear Tire & Rubber*

(continued...)

[5](...continued)
Co. v. Hercules Tire & Rubber Co., 162 F.3d 1113, 1117 (Fed. Cir. 1998) ("if the resemblance is such as to deceive an observer, inducing him to purchase one supposing it to be the other") (quoting *Gorham Co. v. White*, 81 U.S. (14 Wall.) 511, 528 (1871))

[6] For a compilation of the various -- and widely divergent and indeterminate -- redefinitions of "functionality" adopted by the Courts of Appeals in the 1980's, *see* Dabney, *Unfair Competition After Bonito Boats*, C461 ALI-ABA-47 (1989). In general, the 1980's-era changes in the meaning of "functionality" sharply constricted its reach. *Compare* Restatement of Torts § 742 (1938) *with* Restatement (Third) of Unfair Competition § 17 (1995). *Cf. In re Morton Norwich Prods., Inc.*, 671 F.2d 1332, 1340 (C.C.P.A. 1982) (asserting that the definition of "functionality" in Restatement of Torts § 742 is "so broad as to be meaningless").

[7] *Cf. Villeroy & Boch Keramische Werke K.G. v. THC Systems, Inc.*, 999 F.2d 619, 621 (2d Cir. 1993) (reversing summary judgment for defendant; hotel china pattern on replacement dishes could be "non-functional," because a competitor could theoretically persuade a hotel to throw all of its existing china away and purchase a whole new set bearing an "alternative" pattern). Ironically, for a company like Holmes which offers diverse product models to meet various consumer preferences, Holmes's own innovativeness can be pointed to as "evidence" that any

(continued...)

In so heavily qualifying, and *pro tanto* nullifying, the rights of producers and consumers to use "publicly known, unpatented design and utilitarian conceptions," *Bonito Boats*, 489 U.S. at 156, the decision below is fundamentally inconsistent with numerous decisions of this Court holding that federal patent law creates a "public domain" whose contents are "subject to appropriation without significant restraint." *Id.* This Court should not labor under any doubt as to the real world significance of the purported liability rules articulated in the decision below: those rules represent a very powerful deterrent to the use or sale of products embodying designs disclosed in expired patents.

Holmes was recently forced to spend hundreds of thousands of dollars defending its right to sell HOLMES® household fan products whose housings incorporated, as an integral part of their design, curved stator vanes which a competitor characterized as "trade dress." *See Holmes Group, Inc. v. Vornado Air Circulation Sys., Inc.*, 93 F. Supp. 2d 1140 (D. Kan.), *appeal docketed*, No. 00-1286 (Fed. Cir. 2000).[8] In that case as in this, the plaintiff was emboldened by many lower federal courts' recent willingness to disregard this Court's many decisions construing and enforcing the public domain created

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[7](...continued)
particular model's configuration may be challenged in groundless "trade dress" litigation such as that invited by the decision below.

[8] The so-called "trade dress" at issue in the case cited in the text is the exact same mechanical configuration which was held, in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), to be ineligible for protection as "trade dress."

by federal patent law, to "enlarge the Lanham Act's scope of protection beyond its statutory language and Congressional intent,"[9] and to fashion perpetual, free-form, judge-made rights to exclude rivals' and consumers' use and enjoyment of publicly known, unpatented design and utilitarian conceptions in general circulation.[10]

As one of the nation's leading manufacturers of branded consumer household products, Holmes is vitally interested in seeing that the public domain, as long recognized and enforced a by this Court, remains a freely accessible source of design and utilitarian conceptions. The decision below represents a serious threat to Holmes's ability to engage in price competition, to innovate, and to implement what this Court has often stated in the "ultimate goal" of the U.S. patent system: making and selling products embodying design ideas for whose free use, today, the public long ago paid the price of a patent. *Bonito Boats*, 489 U.S. at 151.

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[9] *Ferrari S.p.A. Esercizio v. Roberts*, 944 F.2d 1235, 1253 (6th Cir. 1991) (Kennedy, J., dissenting), *cert. denied*, 505 U.S. 1219 (1992).

[10] Besides being contrary to decisions of this Court and without basis in the text of 15 U.S.C. § 1125(a), the liability rules articulated in the decision below are also perfectly circular; for it is only if courts give legal recognition to claims like Respondent's that consumers could be "trained" to look to the configuration of a product, rather than trademarks or trade "dress" affixed to the product, for information concerning the product's source. *See Vornado*, 58 F.3d at 1509 ("if copying is allowed, [consumers] will depend less on product shapes and more on labels and packaging").

As set forth more fully below, the Accused Signs sold by Petitioner do not embody any design that even arguably constitutes a mere "symbol" or "device" used "on" or "in connection with" "goods," as those terms are used in 15 U.S.C. § 1125(a). Rather, the Respondent seeks to enjoin Petitioner from selling the Accused Signs -- goods -- *regardless* of what "words," "symbols," or "devices" Petitioner may "place . . . on" those goods. 15 U.S.C. § 1127. Because 15 U.S.C. § 1125(a), properly interpreted, does not authorize issuance of injunctions to restrain a competitor from selling "that which the federal patent laws permit to be copied," *Sears*, 376 U.S. at 232, the decision below should be reversed.

ARGUMENT

The decision below rests on two fundamental errors. The Court of Appeals' first error was its failure to cite or respect this Court's many decisions holding that federal patent law, including Art. I, § 8, cl. 8 of the Constitution, creates a "public domain" whose contents are "public property" which all have had an affirmative, federal right to copy and to use "without significant restraint." *Bonito Boats*, 489 U.S. at 152, 156, 165. In simply assuming that Petitioner had no such right,[11]

[11] Notwithstanding this Court's explicit holding to the contrary in *Bonito Boats*, 489 U.S. at 165 ("For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use'"), some lower courts continue to insist that "there is neither a federal right to copy and to use, be it constitutional or statutory in nature, nor any implied remedy for that purported right." *Hunter Douglas, Inc. v. Harmonic Design, Inc.*, 153 (continued...)

apparently on the happenstance that Respondent chose 15 U.S.C. § 1125(a), rather than corresponding state law, as its vehicle for seeking injunctive relief, the Court of Appeals clearly was not faithful to this Court's decisions (Part I, *infra*).

The Court of Appeals' second error lay in its disregard for the text of 15 U.S.C. § 1125(a) and related provisions of the Lanham Act. 15 U.S.C. § 1125(a) regulates use of "any word, term, name, symbol, or device, or any combination thereof," used "on" or "in connection with" "goods." The plain meaning of this language, particularly when read in light of the statutory definition of "use in commerce," 15 U.S.C. § 1127, makes clear

[11](...continued)
F.3d 1318, 1325 (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1143 (1999). The decision below cites with approval the decision of the Federal Circuit in *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999), which went so far as to hold that use of a boat trailer winch post configuration disclosed in a patent could be enjoined on the basis of Iowa state law. 175 F.3d at 1364-65.

In sharp contrast, the Tenth Circuit in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), accepted and applied the law as stated by this Court, including that "patent law creates a federal right to copy and to use product features that are in the public domain, whether under an expired patent or for lack of patentability in the first place." 58 F.3d at 1503. The *Vornado* decision further "conclude[d] that patent law seeks the invention and the passing into the public domain of even what trade dress law would consider nonfunctional inventions." *Id.* at 1508. *See also* Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 Geo. Wash. L. Rev. 359, 368 n.54 (1999) ("Although the Federal Circuit still hasn't 'gotten it,' . . . the Tenth Circuit has").

that to constitute a "symbol" or "device" used "on" "goods" for purposes of 15 U.S.C. § 1125(a), a claimed "symbol" or "device" must be physically or conceptually separable from any "goods" on which it is "placed." 15 U.S.C. § 1127. By failing to analyze Respondent's so-called "trade dress" claim in terms of the actual language of 15 U.S.C. § 1125(a), the Court of Appeals overlooked key definitional limitations on what can and cannot be constituted "trade dress" subject to regulation under the statute (Part II, *infra*).

I. THE DECISION BELOW CONFLICTS WITH PREVIOUS DECISIONS OF THIS COURT.

A. Federal Patent Law Creates "Public Property" Which All Have a Federal Right to Copy and to Use

In a series of cases dating back to at least *Coates v. Merrick Thread Co.*, 149 U.S. 562 (1893), this Court has repeated held that the expiration of a patent does not merely terminate the patentee's right to exclude, but vests in the public an affirmative, "federal right to copy and to use." *Bonito Boats*, 489 U.S. at 165. The existence of this right reflects that "[t]o a limited extent, the federal patent laws must determine not only what is protected, but also what is free for all to use." *Bonito Boats*, 489 U.S. at 151. *See Goldstein v. California*, 412 U.S. 546, 569 (1973) (with respect to "mechanical configurations" federal patent laws "indicat[e] not only which articles in this particular category Congress wished to protect, but which configuration it wished to remain free").

This Court has often used the terms "public domain" and "public property" to describe the legal relationship of the public to that which federal patent law determines must be free for all to use. *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1, 31 n.17 (1966); *Brulotte v. Thys Co.*, 379 U.S. 29, 31 (1964); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 120 (1938); *Singer Mfg. Co. v. June Mfg Co.*, 163 U.S. 169, 185 (1896).[12]

The "public property" created by federal patent law has been held to have a number of significant legal characteristics. Just as the public cannot rightly be excluded or fenced out of public lands in the public domain, the public co-equally has a federal right, "[b]y the force of the patent laws," *Scott Paper v. Marcalus Co.*, 326 U.S. 249, 256 (1945), to copy and to use "whatever the federal patent copyright laws leave in the public domain." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964). "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Sears, Roebuck Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964).

This Court has also held that the "public property" created by federal patent law cannot be "subject to private barter, sale, or waiver." *Scott Paper*, 326 U.S. at 257. In *Scott Paper*, this Court held that an assignor of a patented invention could not be

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[12] *See also* Dabney, *State Law Protection of Intellectual Creations: Privacy and Preemption*, 38 Syracuse L. Rev. 653, 663 (1987) ("the operative principle of *Sears* and *Compco* is an federal law concept of 'public domain'").

estopped or precluded from practicing the subject of an expired patent which anticipated claims of the assigned patent, because:

> [T]he patent laws preclude the patentee of an expired patent and all others including petitioner from recapturing any part of the former patent monopoly; for those laws dedicate to all the public the ideas and inventions embodied in an expired patent. They do not contemplate that anyone by contract or any form of private arrangement may withhold from the public the use of an invention for which the public has paid by its grant of a monopoly and which has been appropriated to the use of all . . . . It follows that the patent laws . . . preclude the assignor from estopping himself from enjoying right which it is the policy of the patent laws *to free from all restrictions*.

326 U.S. at 256-57 (emphasis added). *See also Brulotte v. Thys Co.*, 379 U.S. 29, 32 (1964) ("a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*"). *Cf. Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 263 (1979) (agreement to pay royalties for use of confidential design not invalid, because "the design entered the public domain as a result of the manufacture and sale of the key holders under the contract").

In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), this Court held yet again, and more explicitly than in any of its prior decisions, that federal patent law vests affirmative legal rights in both patentees and the public. *Bonito Boats* specifically repudiated the view of federal patent law

which had been articulated in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), to the effect that "the patent laws say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude." *Interpart*, 777 F.2d at 685.[13]

In holding, contrary to the starting assumption of the decision below, that a manufacturer had an affirmative, federal patent law right to reproduce and sell vessel hulls embodying a publicly known, unpatented design, this Court stated (489 U.S. at 165):

> For almost 100 years it has been well established that in the case of an expired patent, the federal patent laws *do* create a right to "copy and to use." *Sears* and *Compco* extended that rule to potentially patentable ideas which fully exposed to the public. The *Interpart* court's assertion to the contrary is puzzling. . . .

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[13] Under the law articulated in *Interpart* and assumed in the decision below, "the right to copy [structures disclosed in expired patents] is not derived in way from the patent law; it is a right which adheres in the public under the general law except to the extent that the patent law may remove it." *In re Deister Concentrator Co.*, 289 F.2d 496, 501 n.3 (C.C.P.A. 1961). Thus, according to the decision below and others like it (see note 11, *supra*), federal patent law supposedly imposes no limitation on the scope of what constitutes "trade dress"; courts supposedly are free to implement their own personal preferences for, say, non-price differentiation of products in place of price competition in the sale of well-labeled, identical products.

Recapitulating its past decisions interpreting and applying the "federal right to copy and to use," this Court stated in *Bonito Boats*:

> The defendant . . . may copy plaintiff's goods slavishly down to the minutest detail; but he may not represent himself as the plaintiff in their sale.

489 U.S. at 157 (quoting *Crescent Tool Co. v. Kilborn & Bishop Co.*, 294 F. 299, 301 (2d Cir. 1917) (L. Hand, J.)).

B. Trademark Law Rightly Requires That Competitors Place Identifying Words or Symbols on Products Whose Configuration Resembles a Pre-Existing Product.

While repeatedly holding that the "public property" created by federal patent law "can be copied in every detail by whoever pleases," *Compco*, 376 U.S. at 238, this Court, at the same time, has held that rivals may be required to mark or package their products "with such indications that the thing manufactured is the work of the one making it, as will unmistakably inform the public of that fact." *Singer*, 163 U.S. at 200. This rule was long widely respected by lower federal courts, as exemplified by the following passage from 1983:

> The difference in the protection against imitation which will be accorded to an article of commerce on the one hand, and to a package in which the article is marketed on the other, was long ago noted . . . . [T]he law which permits one to market an identical of its

> competitor's product does not give him freedom to imitate the appearance of the package in which the article is sold . . . . [T]he public policy which permits the imitation of an article of commerce is without relevance to the dress in which the article is marketed.

Fabrica Inc. v. El Dorado Corp., 697 F.2d 890, 895 (9th Cir. 1983) (quoting *Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.*, 283 F.2d 551, 557 (9th Cir. 1960) (quoting *Tas-T-Nut Co. v. Variety Nut & Date Co.*, 245 F.2d 3-7 (6th Cir. 1957)).

This Court's decision in *Singer* provides an excellent illustration of this Court's traditional approach to unfair competition in the context of product copying. In the *Singer* case, the defendant manufactured and sold sewing machines which were substantially identical in appearance to sewing machines which the plaintiff had manufactured and sold during the term of patents held by the plaintiff on various aspects of the machines. This Court held that, notwithstanding that the defendant had the right to make and sell machines in the same form as plaintiff made and sold them during the term of its expired patents, and notwithstanding that the defendant had a further right to use the term SINGER as a generic designation for a class of machines, the defendant was nevertheless liable to the plaintiff for unfair competition, because it had used deceptive markings and devices calculated to pass off the defendant's copies as originating with the plaintiff.

This Court stated the general principle violated by the defendant as follows (163 U.S. at 185):

> But it does not follow, as a consequence of dedication, that the general power, vested in the public, to make the machine and use the name imports that there is no duty imposed, on the one using it, to adopt such precautions as will protect the property of others and prevent injury to the public interest, if by doing so no substantial restriction is imposed on the right of freedom of use. This principle is elementary and applies to every form of right and is generally expressed by the aphorism *sic utere tuo ut alienum non loedas*.

The defendant in *Singer* had affixed to its machines an oval brass plate a trifle larger than one of exactly the same shape as one found on the plaintiff's machines, and had located it at the base of the arm in the same position as the plaintiff placed its oval plates. The defendant also placed a "device, cast in the legs thereof, in the same relative position as was the trade-mark device cast in the legs of the stand which had been adopted by the Singer Company," with deceptive and ambiguous abbreviations on it. *Id.* at 176-77. The defendant additionally had placed a "dummy" tension screw on its machines in precisely the same position as a functioning, and still patented, tension screw which was utilized in the plaintiff's machines. *Id.* at 177. Finally, the defendant had placed very high serial numbers on its machines intended to convey the "obvious impression that they were the result of a manufacture long-established, and as they were marked 'Singer' suggesting, by an irresistible implication that they were machines made the Singer Company." *Id.* at 202.

On these facts, this Court held that the defendant was liable for unfair competition. The basis of liability was not that the defendant had copied the form in which the plaintiff had made and sold machines during the term of its patent, but rather that the defendant had placed false and deceptive markings on its machines which were likely to cause confusion as to the origin of machines sold by defendants.

C. The Decision Below Improperly Circumscribes Petitioner's and the Public's Federal Right to Copy and to Use.

In the present case, the so-called "trade dress" claim of Respondent is not directed to anything like the type of false marking which was held, in *Singer*, to provide a basis of liability. Rather, the Respondent's "trade dress" claim is substantially identical to a claim which this Court specifically rejected in *Singer*, namely, "unfair competition in business, resulting from the form in which defendant makes his machines." 163 U.S. at 184. With respect to that purported basis of liability, this Court held in *Singer* (163 U.S. at 185; emphasis added):

> It is self evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent *becomes public property*. It is upon this condition that the patent is granted. It follows, as a matter of course, that on the termination of the patent *there passes to the public* the right to make the machine in the form in which it was constructed during the patent.

Nearly seventy (70) years later, in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court again considered a claim of "unfair competition" arising from the form in which a competitor made and sold its product. The plaintiff in *Compco* manufactured and sold lighting fixtures whose configuration "had, like a trademark, acquired a 'secondary meaning' by which that particular design was associated with Day-Brite." 376 U.S. at 238. In addition, the plaintiff in *Compco* contended that the design embodied in its products was "nonfunctional," in that "'several choices of ribbing were apparently available to meet the functional needs of the product,'" but that Compco had "'chose[n] precisely the same design used by the plaintiff and followed it so closely as to make confusion likely.'" 376 U.S. at 236 (quoting 311 F.2d at 26, 30).

Despite these factual determinations, which were accepted for purposes of analysis, 376 U.S. at 237, this Court reversed and vacated the injunction which had been entered against the defendant in that case, holding (376 U.S. at 237-39):

> Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases . . . . Since the judgment below forbids the sale of a copy of an unpatentable article and orders an accounting for damages for such copying, it cannot stand.

The plaintiff in *Compco* was denied relief, not because the design in question was "functional,"[14] but because by operation of the federal patent laws, the design was "in the public domain and can be copied in every detail by whoever pleases." *Compco*, 376 U.S. at 238. *Compco* reiterated that the right to copy publicly known, unpatented designs was accompanied by a duty on the part of "those who make and sell copies to take precautions to identify their products as their own." 376 U.S. at 238. But since the purported basis of liability in *Compco* was not any alleged use of false or deceptive marking, but rather was the mere reproduction of an allegedly "distinctive" and "nonfunctional" product design, federal patent law was held to bar the imposition of any liability on the part of defendant.

The so-called "trade dress" claim of Respondent in this case is indistinguishable, in principle, from the claim which this Court rejected in *Compco*. According to the decision below, Petitioner can be enjoined from selling the Accused Signs if at a moment in time, the configuration of those signs is deemed to be "nonfunctional" and the appearance of signs shown by Respondent is shown to have "secondary meaning" -- the exact same theory which this Court, in both *Sears* and *Compco*, held was "not enough to support an injunction against copying or an

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[14] In addition to noting the purported availability of "alternative designs," 376 U.S. at 236, this Court expressly rejected the argument that competitors could be enjoined from using so-called "nonfunctional" designs disclosed in an expired or invalid patent. *See id.* at 238 ("That an article copied from an unpatented article could be made in some other way, that the design is 'nonfunctional' and not essential to the use of either article, . . . can[not] furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling.").

award of damages for copying that which federal patent laws permit to be copied." *Sears*, 376 U.S. at 232.

The only apparent basis for the Court of Appeals' disregard of this Court's *Sears* and *Compco* decisions was the Respondent's choice of 15 U.S.C. § 1125(a), rather than state law, as a vehicle for re-asserting the theory of "unfair competition" liability which this Court specifically rejected in *Sears* and *Compco*. The decision below confirms, once again, that "distinguishing *Sears*, *Compco*, and/or *Bonito Boats* has become a veritable jurisprudential art form in recent years." *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1505 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996).

As numerous courts have noted, the standard of liability for "unfair competition" under 15 U.S.C. § 1125(a) is substantially the same as, if not identical to, the standard of "unfair competition" prevalent under the law of most states. *E.g.*, *Scotch Whiskey Ass'n v. Majestic Distilling Co.*, 958 F.2d 594, 596 (4th Cir.), *cert. denied*, 505 U.S. 862 (1992); *Winner Int'l LLC v. Omori Enterprises, Inc.* 60 F. Supp. 2d 62, 73 (E.D.N.Y. 1993); *Guardian Life Ins. Co. v. American Guardian Assur. Co.*, 943 F. Supp. 509, 525-26 (E.D. Pa. 1996). Thus, as has been noted, "the relation of patent law to state unfair competition law is exactly the same as its relation to federal trademark law." *Kohler v. Moen*, 12 F.3d 632, 647 (7th Cir. 1993) (Cudahy, J. dissenting). *Accord*, *Ferrari S.p.A. Escercizio v. Roberts*, 944 F.2d 1235, 1253 (6th Cir. 1991) (Kennedy, J. dissenting) ("the rationale applied in this trilogy of cases [*Sears*, *Compco*, *Bonito Boats*] to state unfair

competition laws applies with equal force to federal trademark laws"), *cert. denied*, 505 U.S. 1219 (1992). The Respondent's choice of 15 U.S.C. § 1125(a), rather than state law, as a vehicle for seeking to enjoin Petitioner from selling the Accused Signs, was and is wholly extraneous to "the teaching of *Sears* and *Compco* that ideas once placed before the public without the protection of a valid patent are subject to appropriation without significant restraint." *Bonito Boats*, 489 U.S. at 156.

Under the reasoning of the decision below, the subject matter of Respondent's expired patent is anything but "free from all restrictions." *Scott Paper Co. v. Marcalus Co.*, 326 U.S. 249, 257 (1945). The Respondent has been held entitled to claim, not merely a right to exclude use of some "symbol" or "device" used "on" the Accused Signs, but a right to exclude Petitioner from selling the Accused Signs at all. In many respects, the decision below exposes Petitioner to greater litigation defense costs, greater uncertainty of outcome, and greater liability for monetary and injunctive relief, than Petitioner would face if the term of Respondent's patent had been extended and this action was one for patent infringement under 35 U.S.C. 271(a).[15]

The conflict between the decision below and past decisions of this Court is not avoided, and in fact is magnified, by the Court of Appeals' deigning to acknowledge that Petitioner

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[15] *Cf. Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260 (Fed. Cir.), *cert. denied*, 516 U.S. 909 (1995) (affirming award of $ 1.8 million in compensatory damages and attorneys' fees for sale of furniture embodying unpatented design, and affirming liability for punitive damages).

could sell the Accused Signs in their current configuration if, following a federal court trial, a court or jury concluded that "the particular product configuration is a competitive necessity," 200 F.3d at 940, and so would be legally "non-functional" in the Court of Appeals' eyes. Contrary to the Court of Appeals' apparent view, the right of the public to use and enjoy the subject matter of expired patents has never depended on whether a particular producer can successfully run any such litigation gauntlet.

Not only did this Court, in *Compco*, specifically reject "nonfunctionality" as a justification for enjoining a competitor from selling goods embodying an unpatented design, 376 U.S. at 238, but more fundamentally, this Court has repeatedly held that "the consuming public at large" has an interest in expired patent subject matter which is not and cannot be made dependent on the individual "needs" or equities of a single producer. *Scott Paper*, 326 U.S. at 256-57. Furthermore, and particularly in its 1980's redefinition (see note 6 *supra*), the standard of "functionality" is completely unrelated to federal law standards of patentability. And just as the competitive significance of an invention is extraneous to whether it qualifies for patent protection, and is equally extraneous to the operation of the federal patent system in placing subject matter in the public domain. *Vornado*, 58 F.3d at 1508.

The Court of Appeals' invocation of the doctrine of "functionality" begged the question of whether the configuration of the Accused Signs was subject to regulation under 15 U.S.C. § 1125(a) in the first instance. It was not, both because subject matter disclosed and expired patents constitutes

"public property" which Petitioner had a "federal right to copy and to use," *Bonito Boats*, 489 U.S. at 165, and because the configuration of the Accused Signs does not constitute a mere "symbol" or "device" used "on" or "in connection with" "goods" as described in Part II, *infra*.

The Court of Appeals' position that an expired patent is merely "evidence" of whether its disclosures and teachings can be used by a competitor, 200 F.3d at 936, erroneously presupposes that federal patent law is a "one-way street" which supposedly vests rights only in patentees, under grants of rights to "exclude" under 35 U.S.C. § 154, and supposedly gives nothing to the public when a patent expires. Notwithstanding the persistence of some lower federal courts in adhering to this view (see note 11 and accompanying text, *supra*), it was explicitly rejected in *Bonito Boats*, 489 U.S. at 165.

Nor can the decision below be reconciled with this Court's decisions on a theory that *Bonito Boats, Sears, Compco,* and earlier cases only preclude assertion of "patent-like rights." *Midwest Trailer*, 175 F.3d at 1363. While those cases surely do bar assertion of "patent-like rights" in subject matter which federal patent law places in the public domain, their reasoning is not limited to claims of "patent-like rights." On the contrary, the purported basis of liability in *Compco* was and is indistinguishable from that articulated by the Court of Appeals in the decision below.

II. THE CONFIGURATION OF THE ACCUSED SIGNS IS NOT A MERE "SYMBOL" OR "DEVICE" SUBJECT TO REGULATION AS "TRADE DRESS."

The Trademark Act of 1946 establishes two separate, and very different, "registers" of trademarks: The "principal register," established under Title I of the Act, 15 U.S.C. §§ 1051-1072, and the "supplemental register," established under Title II of the Act, 15 U.S.C. §§ 1091-1096.

The "principal register" was established to strengthen the rights of trademark owners in the United States. Registration on the "principal register" constitutes "prima facie evidence of .... the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the [registration] certificate." 15 U.S.C. § 1057(b). *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339, 1342 (2000).

The "supplemental register," by contrast, was established to facilitate the registration in foreign countries of subject matter which United States law did not recognize as trademark subject matter, and which was thus ineligible for registration on the principal register. *See Hearings on H.R. 9041 Before the House Comm. on Patents*, 75th Cong., 3d Sess. 180 (1938) ("The primary purpose of this supplemental register is to get registration abroad"). Registration on the supplemental register expressly *does not* imply any exclusive trademark rights in the United States. 15 U.S.C. § 1094.

The Lanham Act contains two very different definitions of "trademark," one for the principal register and one for the supplemental register. For purposes of registration on the principal register, Section 45 of the Act, 15 U.S.C. § 1127, defines the term "trademark" as including "any word, name, symbol, or device, or any combination thereof . . . ." For purposes of registration on the supplemental register, Section 23(c) of the Act, 15 U.S.C. § 1091(c), defines the term "mark" much more broadly, as follows (emphasis added):

> For the purposes of registration on the supplemental register, a mark may consist of any trademark, symbol, label, package, *configuration of goods*, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

The Section 45 definition of "trademark" was based on the common law definition of "trademark" stated in *McLean v. Fleming*, 96 U.S. 245, 254 (1877), wherein the Court held that "a trademark may consist of a name, symbol, figure, letter, form or device . . . ." At common law, the terms "symbol" and "device" were well understood as implying something "written, printed, stamped, painted, stenciled, branded, or otherwise, and either on the article itself, or on its case, covering, envelope, or wrapper." W. Browne, Treatise on the Law of Trademarks § 87 (2d ed. 1885). *See Fairbanks v. Jacobus*, 8 F. Cas. 951, 952 (C.C.S.D.N.Y 1877) (No. 4,608) ("a trademark . . . is something different from the article itself which the mark designates").

The much broader definition of "mark" contained in Section 23(c) of the Act, and in particular, its inclusion of the phrase "configuration of goods," was based on foreign law:

> About configuration of goods, and so forth . . . that phraseology was used to embrace every kind of trademark subject matter in foreign countries. The primary purpose of this supplemental register is to get registration abroad and in countries where a domestic registration is required and configuration of goods is there regarded as trademark subject matter, and if it is so regarded as trademark subject matter, we should regard it as such.

Hearings on H.R. 9041 Before the House Comm. on Patents, 75th Cong. 3d Sess. 180 (1938).

Section 43(a) of the Lanham Act was extensively amended by the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3946 (1988). At that time, Congress imported into Section 43(a) the definition of "trademark" applicable to the *principal* register. Section 43(a) was amended to make actionable certain uses of "any word, term, name, symbol, or device." 15 U.S.C. § 1125(a). The phrase "configuration of goods" was *not* included in the amended Section 43(a), but only in the amended Section 23(c) dealing with the supplemental register, 15 U.S.C. § 1091(c).

The omission of the phrase "configuration of goods" from amended Section 43(a) cannot be regarded as some mere oversight to be disregarded. "Where Congress includes

particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *Russello v. United States*, 464 U.S. 16, 23 (1983).

The Congress well knows how to pass design legislation protecting the "configuration" of "goods" sold in U.S. commerce. Over the past 85 years, literally dozens of industrial design bills have been introduced, and defeated, in the Congress. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 167 (1989); *Hearings on S.213 Before the Subcommittee on Patents, Copyrights and Trademarks, Senate Committee on the Judiciary*, 100th Cong., 1st Sess. 11-17 (1987) (Statement of Ralph Oman). Congressional efforts to enact protection for "configurations of goods" continued after the 1988 amendments to the Lanham Act.[16] In 1998, the Congress actually passed, and the President signed, a statute protecting the "design of a useful article," 17 U.S.C. § 1301(a), but limited the statute's scope to "vessel hull[s]." 17 U.S.C. § 1301(b)(2).

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), does not purport to regulate sales of "goods" *per se*. Rather the

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[16] *See, e.g.*, H.R. 1790, 102d Cong., 1st Sess. § 1001 (1991) ("The designer or other owner of an original design of a useful article which makes the article attractive or distinctive in appearance to the purchasing or using public may secure the protection provided by this chapter upon complying with and subject to this chapter").

statute distinguishes between "goods," on the one hand, and "any word, term, name, symbol, or device, or any combination thereof" used "*on* or *in connection with* any goods." 15 U.S.C. § 1125(a) (emphasis added). The phraseology "on or in connection with" clearly assumes that a "mark" is physically or conceptually separable from the goods and could be taken "off" while leaving the "goods" intact. That the terms "symbol" and "device" mean something different from "configuration of goods" is clear from Section 23(c) of the Act, which refers to "any trademark, symbol, . . . configuration of goods, . . . or device."

The principle *noscitur a sociis* dictates that "words grouped in a list should be given a related meaning." *Dole v. United Steelworkers of America*, 494 U.S. 26, 36 (1990). Here the words "symbol" and "device" are the last two of a string of words which begins: "word, term, name". Each of these first three words clearly designates something physically or conceptually separable from goods "on or in connection with which" they are used. The terms "symbol" and "device" clearly require a similar interpretation.

The requirement of physical or conceptual separateness is also evident on the face of the definition of "use in commerce" contained in 15 U.S.C. § 1127:

> For purposes of this chapter, a mark shall be deemed to be in use in commerce-(1) on goods when-(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods

> makes such placement impracticable, then on documents associated with the goods or their sale . . .

As with the language of 15 U.S.C. § 1125(a), the statutory definition of "use in commerce" specifically distinguishes between "a mark" and "goods" and identifies a "mark" as something "placed . . . on the goods." Here again, the statutory language makes clear Congress's intent not to restrict sales of "goods" *per se*, but to regulate merely physically or conceptually separable "marks" which are "placed . . . on the goods" and which can be readily taken "off" while leaving the "goods" intact. The"use in commerce" definition of 15 U.S.C. § 1127 embodies what historically has been known as the "affixation" requirement of trademarks. *See generally* 3 R. Callmann, *The Law of Unfair Competition, Trademarks & Monopolies* § 19.04(4th ed. 1998).

In each of this Court's recent decisions interpreting 15 U.S.C. § 1125(a), the subject matter in question has been physically or conceptually separable from the "goods" being sold by the plaintiff. *See Wal-Mart Stores, Inc. v. Samara*, 120 S. Ct. 1339 (2000) (appliques used on shirt collar); *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995) (color used on ironing board covers); *Two Pesos, Inc. v. Taco Cabana*, 505 U.S. 763 (1992) (decor used in connection with restaurant services). Packaging (*e.g.*, the COCA-COLA bottle) would also be fully eligible for protection under a physical and conceptual separability requirement.

The text of 15 U.S.C. § 1125(a) is fully consistent with this Court's long and unbroken line of decisions holding that federal

patent law creates "public property" which all have a "federal right to copy and to use," *Bonito Boats*, 489 U.S. at 152, 165, but that competitors must mark their products to indicate the product's source. Particularly in view of the Congress's demonstrated ability to enact design legislation when that it is its intent, 15 U.S.C. § 1125(a) cannot reasonably or sensibly be interpreted as affording the kind of broad design protection which it was held to afford in this case.

CONCLUSION

For the reasons set forth above, the decision of the Court of Appeals should be reversed.

Dated: August 24, 2000

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Supreme Court, U.S.
FILED
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(10)

No. 99-1571

In The

Supreme Court of the United States

TRAFFIX DEVICES, INC.,

Petitioner,

v.

MARKETING DISPLAYS, INC.,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENT

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AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENT

The American Intellectual Property Law Association ("AIPLA") respectfully submits this brief as amicus curiae in support of the Respondent.[1]

INTEREST OF THE AMICUS CURIAE

The American Intellectual Property Law Association ("AIPLA") is a national bar association of more than 10,000 members with interests and practices primarily in the areas of trademark, patent, copyright, trade secret and other intellectual property law. Unlike areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most intellectual property law attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no stake in the parties to this litigation or in the outcome in this case, other than its interest in seeking correct and consistent interpretation of the law relating to intellectual property.

SUMMARY OF THE ARGUMENT

The Court of Appeals for the Sixth Circuit decided this case in accordance with the decisions of this Court

[1] Both parties have consented to the submission of this brief through letters filed with the Clerk of the Court. Counsel for AIPLA authored this brief in its entirety. No other person or entity has made any monetary contribution to the preparation or submission of this brief.

and of the Federal, Fifth, Seventh and Ninth Circuits. The Court should not impose a *per se* rule that an expired utility patent covering a manufacturer's product prevents that manufacturer from ever enforcing trade dress rights in that product's configuration. The Patent Act and the Lanham Act protect different interests. The patent laws' objective is to encourage inventors to innovate and to disclose their inventions to the public, by giving patent holders exclusive rights to make, use and sell the disclosed inventions for a limited term of years. The Lanham Act protects manufacturers and consumers from confusing or misleading designations of the origin of goods or services. These two federal statutory schemes do not conflict. A patent's expiration gives competitors the right to use the invention of the patent, to the extent that it removes the threat of a suit for infringement of that patent. It does not give competitors an absolute right to copy the trade dress of the patentee's product – as Petitioner asserts – if such copying is likely to confuse consumers as to the source of the competing product. For its part, the Lanham Act, which encourages competition by preventing one competitor from misappropriating the goodwill and reputation of another, only prohibits copying nonfunctional product features that serve as identifiers of source. Product configurations that are primarily functional are not protectable as trade dress. By applying this doctrine of functionality, the courts have enforced the Lanham Act and unfair competition laws so as to avoid offending the objectives of the patent laws, which protect functional inventions. Additionally, the requirement of secondary meaning for trade dress protection of product

configurations means that courts will only protect product designs that are shown to act as source-identifiers. Application of these two threshold tests ensures that a plaintiff which previously obtained a utility patent for the invention embodied in its product is only protecting its trade dress rather than its patented invention.

The *per se* rule advocated by Petitioner would be overbroad. It would unfairly deprive manufacturers of the right to protect trade dress rights in nonfunctional source-identifying design elements that a competitor does not need to practice the invention formerly covered by a patent. A *per se* rule would frustrate the purposes of the Lanham Act in those situations where a competitor, in addition to exercising its right to use the invention claimed in an expired patent, copies the nonfunctional and source-identifying features of the plaintiff's product, in a manner likely to confuse or mislead consumers. Rather than competitors merely gaining the rights they would have had if the expired patent had never existed, they would get an extra right – to copy their competitor's specific nonfunctional trade dress regardless of likelihood of confusion. At the end of a patent term, the patentee would not only lose the right to exclude others from practicing its invention, as contemplated by the patent "bargain," but it would lose the goodwill embodied in its nonfunctional trade dress as well. That result would hardly promote the objectives of the patent laws and would frustrate the objectives of trademark and unfair competition law. For these reasons, the Court should reject the invitation to adopt the *per se* rule urged by the Petitioner.

ARGUMENT

I. THAT A PRODUCT EMPLOYS AN INVENTION CLAIMED IN A UTILITY PATENT DOES NOT, IN ITSELF, PREVENT THE PRODUCT'S CONFIGURATION FROM BEING PROTECTED AS TRADE DRESS

A. The Expiration Of A Patent Does Not Create An Absolute "Right To Copy" A Product If Such Copying Violates Another's Rights Under Other Statutes Or Common Law.

The Petitioner argues that when a utility patent expires, the public acquires not only the right to practice the patented invention but the right to copy any product that was sold under that patent during its term, including its nonfunctional configuration.[2] Petitioner urges that allowing the owner of an expired utility patent to assert trade dress rights in its product configuration deprives the public of the benefit of the patent bargain and thus frustrates the purposes of the patent laws. *See* Petitioner's brief at 2-3, 15-16. This argument is unsupported by the Court's decisions and has been soundly rejected by the Federal Circuit, the Court of Appeals charged with creating national uniformity in administration of the patent laws. *See Midwest Indus. Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1362-64 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999) (reversing district court's holding that plaintiff's trailer hitch winch post could not be protected as trade

[2] This case involves only a "utility" patent. The effect of a design patent on trade dress rights in a product configuration is not before the Court in this case and this brief expresses no opinion on that issue.

dress because it was the "significant inventive aspect" of a utility patent). The Federal Circuit followed an opinion of its predecessor, the Court of Customs and Patent Appeals, and explained that

> [t]rademark rights, or rights under the law of unfair competition, "do not 'extend' the patent monopoly." Rather, they exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law.

Id. at 1362 (quoting *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)). Thus, the Federal Circuit concluded that if a product configuration meets the requirements for protectable trade dress under the Lanham Act or common law unfair competition, the existence of a patent does not, by itself, preclude enforcing trade dress rights. The only significance of a patent "covering" the device is that it may provide evidence that an asserted trade dress is functional, and thus not protectable as trade dress. *Id.*[3] The court quoted its earlier caveat

[3] The Seventh, Fifth and Ninth Circuits have reached the same conclusion based on similar rationales. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 288 (7th Cir. 1998) (concluding that disclosure of a product configuration in an expired patent was "some evidence" of functionality but not

that in resolving functionality issues, "reference to patent utility claims that are, or have been, asserted to read on either product, or to the appearance of the device depicted in figures included in the patent specification supporting such claims, must be done with caution." *Id.* (quoting *Cable Elec. Prods., Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1031 (Fed. Cir. 1985)).

The Petitioner argues that the Sixth Circuit's decision below conflicts with this Court's opinions in *Bonito Boats Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938),[4] *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896), because it interferes with the public's "right" to copy the patentee's product after a patent expires. *See, e.g.*, Petitioner's brief at 17-24. Petitioner's reliance on these cases is misplaced. First, *Bonito Boats* did not involve a product covered by

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determinative and reversing summary judgment that plaintiff's trade dress was not protectable); *Sunbeam Prods. v. West Bend Co.*, 123 F.3d 246, 256 (5th Cir. 1997) (that plaintiff's mixer configuration "incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional"); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989) (affirming injunction and damages for a trade dress plaintiff, finding that the trade dress was not primarily functional despite the existence of an expired utility patent); *see also Clamp Mfg. Co. v. Enco Mfg. Co.*, 227 USPQ 335, 336 (C.D. Cal. 1985) ("the existence of a utility patent is just one factor when deciding whether a product configuration is functional. . . . The existence of a patent, either in force or expired, does not foreclose the acquisition of trademark rights in matters disclosed in the patent.").

[4] The *Singer* and *Kellogg* cases predate the Lanham Act.

an expired utility patent.[5] In *Bonito Boats* the Court was primarily concerned with whether a Florida statute prohibiting the copying of boat hulls by direct hull molding was preempted by the federal patent laws, without regard to whether the requirements for protecting trade dress were met (*i.e.*, proving likelihood of confusion of a distinctive and nonfunctional design). *See* 489 U.S. at 144. The issue here is a potential conflict between two federal statutes, the Patent Act and the Lanham Act, not preemption. *See Zenith Elecs. Corp. v. Exzec, Inc.*, 182 F.3d 1340, 1347 (Fed. Cir. 1999). Second, in *Bonito Boats*, the Court explained that reading its precedent "to prohibit the States from regulating the deceptive simulation of trade dress" would be "inappropriate." 489 U.S. at 154. Indeed, the Court took pains to clarify that "our decision in *Sears* clearly indicates that the States may place limited regulations on the circumstances in which such designs are used *in order to prevent consumer confusion as to source.*" *Id.* (emphasis added).

In finding the Florida boat hull statute to be incompatible with patent law objectives because it offered "patent-like" protection to unpatented designs, the Court expressly distinguished such statutes from unfair competition statutes and common law, which offer different protection for different reasons. The Court further explained:

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[5] The plaintiff in *Bonito Boats* proceeded only under the Florida statute prohibiting direct hull molding. The Court noted that there was "no indication in the record that a patent application was ever filed for protection of the utilitarian or design aspects of the hull, or for the process by which the hull is manufactured." 489 U.S. at 144.

> [T]he common law tort of unfair competition has been limited to protection against copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source. (citation omitted). The "protection" granted a *particular* design under the law of unfair competition is thus limited to one context where consumer confusion is likely to result; the design "idea" itself may be freely exploited in all other contexts.

489 U.S. at 158 (emphasis added).[6] Although this passage concerns common law unfair competition law rather than the Lanham Act, the Court explained later that in passing the Lanham Act, Congress gave "federal recognition to many of the concerns that underlie the state tort of unfair competition." *Id.* at 166. Thus, this Court has made it clear that the Lanham Act and the Patent Act can coexist, due to the functionality doctrine. A *per se* rule against allowing trade dress protection of any design of a product previously covered by a patent is not necessary to avoid offending fundamental objectives of patent law.

[6] As discussed below, the tests for functionality and for secondary meaning in Lanham Act jurisprudence are well-established and essentially consistent throughout the Courts of Appeals.

B. Protecting A Patentee's Product Configuration As Trade Dress Does Not Conflict With Patent Law Because A Patent Claims And Discloses An Invention, Not The Patentee's Product.

As highlighted in the Petition for Certiorari, the Tenth Circuit has parted company with the other circuits and held that "patent law seeks the invention and passing into the public domain of *even what trade dress law would consider nonfunctional* . . . features of patented products" and that trade dress protection of such features after a patent expires thus "impinges seriously upon the patent system's core goals." *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995). As explained above, this Court's decisions do not support that conclusion and, on the contrary, expressly hold that protecting nonfunctional features of covered products as trade dress does not offend patent objectives by extending patent-like protection indefinitely. *See Bonito Boats*, 489 U.S. at 158.[7]

To be sure, the patent "bargain" is that an inventor, in exchange for an enforceable right to exclude others from practicing his invention for a term of years, discloses the invention to the public and places the invention in the public domain at the end of that term. *See id.* at 150; *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480 (1974);

[7] While *Vornado's* holding is based on the same erroneous premise as Petitioner's argument, even the Tenth Circuit does not apply the *per se* rule Petitioner advocates. The Tenth Circuit attempted to ensure that only "the subject matter of the patent" passes to the public domain by only barring trade dress protection of configurations that are both "part of a claim" and a "described significant inventive aspect." *Id.* at 1510.

Aronson v. Quick Point Pencil Co., 440 U.S. 257, 262 (1979). The public, however, obtains some, perhaps most, of the benefit of its "bargain" when the patent issues and is published and its disclosure becomes available to the public, because the public immediately is able to learn from the patent *how* to practice the invention, even if it has no right to do so during the term of the patent without the patentee's permission. *See Griffith v. Kanamaru*, 816 F.2d 624, 626 (Fed. Cir. 1987) (explaining that early public disclosure of an invention in a patent is the "linchpin" of the patent system). This published disclosure immediately serves to stimulate further innovation long before the public has the right to practice the invention. Indeed, the Court can appreciate that with the increasing speed of technological progress, a patented invention may be obsolete well before the patent expires.

What the public gains at the expiration of a patent is a direct function of what right the patent guaranteed during its term. It is a fundamental principle of patent law that what a patent imparts is the right to exclude others from practicing an invention. *See* 35 U.S.C. § 154. Thus, a patent only indirectly protects the patentee's own *product* from copying.[8] A patent does not even guarantee

[8] A patentee does not give up all other forms of protection other than the patent for features of his own commercial product. *See Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 638 (7th Cir. 1993) ("[C]ourts have consistently held that a product's different qualities can be protected simultaneously, or successively, by more than one statutory means for the protection of intellectual property.") For example, one may obtain a patent that covers methods of manipulating data using a computer and also register a copyright on its own software

its *inventor or owner* the right to make, use or sell products embodying the invention, if such acts would infringe another's patent or other rights. Accordingly, *Bonito Boats* and other cases speak of "the subject matter of the patent" – rather than the patentee's commercial product – passing into the public domain upon the patent's expiration. *Bonito Boats*, 489 U.S. at 152.

As a result of its incorrect reading of this Court's precedent, the Tenth Circuit created a new test to be applied when a defendant raises an expired patent as a defense to trade dress infringement. In contrast to the well-developed functionality test discussed below, the test applied in *Vornado* requires courts to construe patent claims to decide whether an element is a "significant inventive aspect" (a phrase that has little, if any, established meaning). 58 F.3d at 1510 ("we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.") Thus, even the Tenth Circuit did not adopt the *per se* rule Petitioner proposes. Essentially, the *Vornado* court has prescribed a *Markman*-like[9]

that implements the patented method. *See Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832, 839 (Fed. Cir. 1992). A manufacturer can also assert trade secret rights associated with a product that also practices inventions on which it holds a patent. *See, e.g., Roton Barrier, Inc. v. Stanley Works*, 79 F.3d 1112, 1119 (Fed. Cir. 1996) (enforcing patents and trade secrets pertaining to plaintiff's hinges).

[9] In *Markman v. Westview Instruments, Inc.*, the Federal Circuit held that patent claim construction or interpretation is an issue of law to be determined by the court. 52 F.3d 967, 990 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996). In patent infringement suits, the district court typically holds a separate

hearing when a utility patent is cited as grounds for finding a product configuration unprotectable as trade dress. Adoption of the *Vornado* test also would require the regional circuits to review district courts' patent claim constructions, undercutting the Federal Circuit's ability to maintain uniformity in application of the patent law. *See Thomas & Betts*, 138 F.3d at 289-90 (reviewing and reversing district court's claim construction). There is no need for courts to undertake this exercise. This Court made it clear in *Bonito Boats* that the existing requirement that protectable trade dress be nonfunctional prevents the application of the Lanham Act from offending patent law objectives.

A patent's scope is determined by its claims, not by the patentee's own product and not by an embodiment described in the patent specification. *See SRI Intl. v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985) (en banc) (patent infringement "is determined by comparing an accused product not with a preferred embodiment described in the specification, or with a commercialized embodiment of the patentee, but with the properly and previously construed claims in suit."); *see also Environmental Instruments, Inc. v. Sutron Corp.*, 877 F.2d 1561, 1564 (Fed. Cir. 1989) ("The claims alone delimit the right to exclude; only they may be infringed.") A patent does not prohibit use of a specific element, no matter how "inventive," except in combination with other elements as set

Markman hearing on the issue of how the claims of the patent(s) in suit are to be construed.

forth in the claims. *See, e.g., Wolverine World Wide, Inc. v. Nike, Inc.*, 38 F.3d 1192, 1199 (Fed. Cir. 1994).[10]

Similarly, a patentee can hardly be said to be "extending" the patent monopoly through trade dress protection, because the Lanham Act only allows him to prevent others from selling products that create a likelihood of confusion with his own nonfunctional, distinctive trade dress, and leaves him powerless to prevent competitors from using the invention if they do not also simulate his trade dress. *See Sunbeam Prods.*, 123 F.3d at 256 ("granting trade dress protection to the arbitrary product configuration of the American Classic MixMaster(R) would not restrict any competitors from copying the individual functional features after the individual utility patents have expired, but would simply prohibit competitors from copying the arbitrary combination of features embraced in the American Classic MixMaster(R)"). Because trade dress protection of nonfunctional product designs does not extend the patent grant, there is no conflict with patent law or the Constitution.

[10] A patentee cannot enforce his patent against one who merely uses one "significant inventive aspect" of the invention. Thus there is a lack of nexus between the Tenth Circuit's test – forbidding trade dress protection for a design if it is a "significant inventive aspect" – and the objective it purported to serve – preventing "extension" of the patent grant.

II. THE WELL-SETTLED CRITERIA FOR TRADE DRESS PROTECTION OF PRODUCT DESIGNS ARE SUFFICIENT TO AVOID FRUSTRATING THE PURPOSES OF THE PATENT ACT

A. One Seeking To Enforce Rights In Unregistered Trade Dress Must Prove Its Design Is Nonfunctional, Which Will Be Impossible If The Configuration Is Essential To Practice An Invention Having Utility.

The Lanham Act serves two distinct purposes: protecting providers of goods and services from unfair competition and protecting consumers from misleading marketing practices. *See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 774 (1992); *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164-65 (1995)). The determinative test of trade dress infringement is whether the defendant's use of its trade dress creates a likelihood of confusion as to the source or sponsorship of the goods or services. *See* 15 U.S.C. § 1125(a)(1)(A). The Lanham Act is intended to encourage competition by preventing one competitor from misappropriating another's goodwill by passing off its goods as another's. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985).

The Act is not intended to inhibit competition by allowing one producer to control a useful product feature. To avoid that result, it requires that a party alleging trade dress infringement show that its trade dress is nonfunctional.

> In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving

> that the matter sought to be protected is not functional.

15 U.S.C. § 1125(a)(3) (1999).

"The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex*, 514 U.S. at 164. A product feature is functional and cannot be protected as trade dress "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 850 n.10 (1982). A product configuration is legally functional if allowing one competitor to protect it as trade dress would hinder other manufacturers' ability to compete. *See Qualitex* at 514 U.S. at 169-70.

The functionality doctrine prevents a party from acquiring trade dress rights in functional product features even where that party can show that its trade dress has developed secondary meaning. *See id.; see also Thomas & Betts*, 138 F.3d at 288 ("configuration cannot receive trademark registration if its purpose is to contribute functional advantages to the article or quote if the configuration results from functional considerations") (quoting *Best Lock Corp. v. Schlage Lock Co.*, 413 F.2d 1195, 1199 (C.C.P.A. 1969)). The functionality test is the same, moreover, regardless of whether or not the trade dress was ever claimed or disclosed in a patent. *See Sunbeam Prods.*, 123 F.3d at 256 n.20 ("the mere fact that a feature is named in a utility patent does not automatically render it functional"). The court below properly considered

whether Marketing Displays' competitors could practice the invention of the expired patent without using Marketing Displays' specific trade dress and found that they could. *See Marketing Displays, Inc. v. TrafFix Devices, Inc.*, 200 F.3d 929, 940 (6th Cir. 1999), *cert. granted*, 120 S. Ct. 2715 (2000) ("It takes little imagination to conceive of a hidden dual-spring design or a tri or quad-spring mechanism that might also avoid infringing WindMaster's trade dress.").

The majority of the circuits to address the effect of an expired utility patent on the functionality analysis have held that the existence of such a patent is merely one factor to be considered in the functionality analysis, not a *per se* bar to enforcing trade dress rights in a product configuration.[11] This approach allows courts to consider, for example, whether the plaintiff's asserted trade dress is merely pictured in the patent as an example of one possible embodiment of the claimed invention, or whether the product configuration is described as serving a function, or as necessary to practice the invention. Courts must have flexibility to properly analyze the specific evidence bearing on whether the product configuration as a whole is primarily functional.

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[11] *See, e.g., Midwest Indus.*, 175 F.3d at 1362-64. In *Midwest*, the Federal Circuit explained that "statements in a patent may provide evidence that the asserted trade dress is functional" but held that the district court must conduct an inquiry into whether excluding use of a feature "would put competitors at a significant non-reputational-related disadvantage" (quoting *Qualitex*, 514 U.S. at 165).

The nonfunctionality requirement precludes many, perhaps even most, product configurations from qualifying for protection under the Lanham Act. *See, e.g., Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1006-08 (9th Cir. 1998) (while existence of an expired utility patent is not dispositive, where patent illustrated the claimed trade dress and described its parabolic configuration as functional and plaintiff failed to create a material issue of fact as to functionality, parabolic configuration could not be protected as trade dress.) Thus, if courts properly apply the functionality doctrine, a manufacturer cannot use trade dress litigation to preclude competitors from copying a configuration that is *necessary* in order to practice a useful invention no longer covered by a patent. If a product's configuration meets the rigorous criteria for trade dress protection of product designs, however, it should not be unenforceable merely because the manufacturer previously obtained a patent on an invention its product embodies.

B. One Seeking To Enforce Rights In A Product Design Must Prove Consumers Understand The Design To Be Source-Identifying, Rather Than A Useful Or Appealing Feature Of The Product.

The touchstone of the trade dress infringement inquiry is likelihood of confusion. This necessitates the requirement that a plaintiff's trade dress be distinctive in order to qualify for protection, because a consumer cannot be confused if he is not inferring something about the source of the product from its trade dress. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, ___ U.S. ___, 120 S. Ct. 1339, 1343 (2000) ("[W]ithout distinctiveness the trade

dress would not 'cause confusion . . . . ' ") (quoting 15 U.S.C. § 1125(a)(1)(A)). In *Wal-Mart*, the Court reasoned that consumers do not necessarily infer source from a product's trade dress but instead recognize an unusual product design usually is intended "to render the product itself more useful or more appealing." *Id.* at 1344. Therefore, a party claiming infringement of unregistered trade dress has the burden of showing that its trade dress has acquired "secondary meaning," or "acquired distinctiveness" – meaning that the relevant public has come to understand the design to be identifying the product's source rather than contributing to its intrinsic value or desirability. *Id.* at 1345.

The factors considered in determining whether a given trade dress has acquired secondary meaning are essentially consistent throughout the federal courts, and familiar to practitioners in the trademark and trade dress area. Courts typically consider survey evidence, the length and manner of use of the trade dress, the nature and extent of advertising and promotion of the product, the sales volume of the product, consumer testimony, any instances of actual confusion, and any proof of intentional copying. *See* J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 15:30 (4th ed. 1996).

As noted above, the Lanham Act protects manufacturers as well as consumers from the effects of misleading designations of origin. Not only can a manufacturer lose profits if consumers mistake a competitor's product for its own, but its goodwill can be tarnished if that competitor's products are of low quality, and it even can be exposed to tort litigation if those products are defective or dangerous. *See Sindell v. Abbott Labs*, 607 P.2d 924,

937-38 (Cal. 1980) (holding that plaintiff could recover against manufacturers according to their market share where plaintiff could not identify the manufacturer of the drug that injured her, but joined 90% of the manufacturers of that drug). For products not easily packaged or labeled, a product configuration trade dress may be the only way to identify the source of the goods.

A patentee manufacturer exercises a significant degree of control, during the term of the patent, over whether consumers come to view an aspect of the product's design as source-identifying. To develop secondary meaning, a manufacturer usually must do something to overcome the natural predisposition of consumers to view product designs solely as useful or appealing qualities of the product rather than as indicia of source. That may mean advertising the product so as to make clear that some aspect of the product design can be used to identify its source. *See In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1128 (Fed. Cir. 1985) (holding that manufacturer could register and protect the color pink as a trademark for fiberglas insulation).[12] In contrast, if a patentee touts its configuration's functionality during the

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[12] In *Owens-Corning*, the Federal Circuit found that Owens-Corning had established secondary meaning through, among other things, evidence of its extensive advertising expressly referring to the pink color of its insulation, including its advertising campaign using the Pink Panther cartoon character and slogans like "Put your house in the pink!" and "think pink!" – in other words, advertising that directly told consumers that they could use the pink color of Owens-Corning insulation to identify it as Owens-Corning's, rather than pink being a natural quality of fiberglas or adding some functional or aesthetic quality to the insulation.

term of the patent, that advertising is a factor that weighs in favor of finding that the product design is functional. *See, e.g., Disc Golf*, 158 F.3d at 1009 (finding that plaintiff's advertising implied its product design was functional).[13] Applying a *per se* rule, however, would treat the plaintiff that has taken steps to develop secondary meaning in a product design the same way it treats one that previously has told consumers that its configuration imparted some superior functional quality to its product.

Petitioner expresses concern that suits alleging trade dress infringement are too readily brought as meritless "strike suits" that are expensive to defend. This concern applies to all such suits, of course, and not merely to those involving an expired utility patent. The *Wal-Mart* opinion specifically considered such suits in deciding that a plaintiff must show secondary meaning to protect a product design. *See Wal-Mart*, 120 S. Ct. at 1345. A predictable result of *Wal-Mart* is that trade dress owners

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[13] *Vornado* was decided well before *Wal-Mart* and the district court found that the plaintiff's AirTensity grill configuration was inherently distinctive. *See* 58 F.3d at 1502. Thus, the district court never considered whether Vornado had established secondary meaning. The *Vornado* court could have reached the same result, finding the grill not protectable, by holding that the evidence of Vornado's claims to the U.S. Patent and Trademark Office and its advertising claims showed that the plaintiff could not show secondary meaning in its trade dress, and that consumers believed the AirTensity grill configuration to be a feature that improved a fan's performance, rather than an indicator that Vornado made the fan. For example, the plaintiff had advertised that its spiral-shaped fan grill was "a true achievement in aerodynamic efficiency," "the result of determinant ergonomic design" and had "unique AirTensity vortex action." *Vornado*, 58 F.3d at 1500.

evaluating potential litigation, including those who formerly held utility patents, will be encouraged to collect evidence to show their product configuration has acquired secondary meaning, and not to sue if they encounter difficulty in doing so. Like the nonfunctionality requirement, the requirement of secondary meaning ensures that the application of the Lanham Act will prevent consumer confusion and unfair competition rather than undermining patent law objectives. There is no need for the overbroad *per se* rule that petitioner advocates.

III. CONCLUSION

For the foregoing reasons, the Court should reject the *per se* rule proffered by Petitioner and affirm the judgment of the Court of Appeals.

Respectfully submitted,

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No. 99-1571

OCT - 6 2000

In The

Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,

Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

BRIEF OF THOMAS & BETTS CORPORATION AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

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INTEREST OF THE *AMICUS CURIAE*

Thomas & Betts Corporation ("T&B") respectfully submits this brief as *amicus curiae* in support of respondent Marketing Displays, Inc.[1]

T&B is a manufacturer of electrical components, including cable ties used for wrapping electrical wires. In 1962, T&B introduced a cable tie having a metal barb which allowed the long strap of the tie to be easily inserted into (but not pulled out of) the "head," thus holding the wires together tightly. The exterior of the head of T&B's cable tie had an oval shape.

T&B has continuously sold its cable tie with the oval-shaped head since 1962. In 1965, T&B obtained a utility patent on its cable tie having claims directed to the metal barb locking device but which nowhere mentioned the oval-shaped head. However, the oval-shaped head appeared in the specification. In 1966, T&B obtained a design patent which disclosed the metal barb, as well as the overall shape of T&B's cable tie, including the oval-shaped head.

While both of T&B's patents expired by 1982, T&B continued to sell its barbed cable tie with the oval-shaped head. In 1994, 32 years after T&B had introduced its cable tie and 12 years after T&B no longer had any patent protection, Panduit introduced a cable tie which not only

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[1] T&B has obtained the written consent of both parties which have been filed with this brief. This brief was not authored in whole or in part by counsel for either party, and no person or entity other than T&B has made a monetary contribution to the preparation or submission of this brief.

employed the metal barb locking device (which had been claimed in T&B's expired utility patent and which had been shown as part of the overall appearance in T&B's design patent), but which also copied the oval-shaped head.

T&B sued Panduit in the United States District Court for the Northern District of Illinois, alleging trade dress infringement under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). In 1998, the Seventh Circuit rejected Panduit's argument that T&B's expired utility patent provided a complete and separate defense, and joined other courts in ruling that a utility patent may constitute nondispositive evidence of functionality. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 525 U.S. 929 (1998) ("*T&B*"). The Seventh Circuit's decision in *T&B* has been repeatedly cited by the Sixth Circuit in the present case (Pet. App. 18a) and in substantially every prior brief before this Court, including an *amicus* brief filed by Panduit itself.

Panduit has continued to argue that T&B's expired utility and design patents constitute a separate and complete defense. T&B, as the owner of what it considers to be valid and valuable trade dress rights, is of course interested in having this Court adopt the views advocated by T&B and accepted by the Seventh Circuit in *T&B*, and in receiving from this Court a clarification of the law on this issue where the courts of appeal are in substantial agreement as to broad principles but may require "fine tuning" for which this case presents an appropriate vehicle.

SUMMARY OF ARGUMENT

As enunciated by the Seventh Circuit in *T&B* and by most other courts which have considered this issue, utility patents should constitute nondispositive evidence of functionality. The contention that a "right to copy" creates a separate and complete nonstatutory defense any time a claimed trade dress feature appears in any context in any expired patent, finds no support in the Constitution or in any statute. (*See* Part I.) Petitioner's argument for a "right to copy" arises out of fundamental misconceptions as to the nature of patent rights: patentees obtain only a negative right to exclude, and no affirmative right to use which can "enure" to the public. (*See* Part II.) While Petitioner and its supporters rely on broadly worded *dicta* from prior decisions of this Court, the more recent of those decisions all involved federal preemption of claims under state law, a doctrine having no relevance to trade dress claims under the federal Lanham Act. (*See* Part III.)[2]

Petitioner's position is also illogical and inconsistent. Given Petitioner's view that anything in the "public domain" is precluded from protection under the Lanham Act, there is no basis to erect a special defense to Lanham Act claims only where the trade dress claimant owned the expired patent. Taking Petitioner's "public domain" views to their logical conclusion would destroy trade

[2] The older decisions of this Court are even less pertinent: they issued before the Lanham Act was even enacted, and are not inconsistent in result with the majority view of the courts of appeal. *See, e.g., T&B*, 138 F.3d at 285-87 (International Trademark Association ("INTA") Br. at 10.)

dress protection (i) where any patent owned by any company or person showed the feature in question in any context, and (ii) where the feature, although never patented, could still be found in other "public domain" materials. Allowing this proposed special defense only where the trade dress claimant owns the expired patent would simply punish patent owners for disclosing their technological contributions in detail, and thereby frustrate the objectives of the patent laws. (*See* Part IV.)

The positions urged on behalf of Petitioner also fail to distinguish properly between (i) trade dress features which constitute all or part of the invention *claimed* in a utility patent (which may raise questions of functionality); (ii) nonfunctional features which are only *disclosed* in a utility patent (where the patent should be at most nondispositive evidence of functionality and should not bar protection where the disclosure is merely incidental) (*see* Part V.1); (iii) features which are neither disclosed nor claimed in an expired patent, but which were used by the patentee on its commercial product during the term of the patent (as to which the patent should be totally irrelevant) (*see* Part V.2); and (iv) features which appear only in *design* patents granted for ornamental inventions (in which the patent may properly be viewed as evidence of *non*functionality) (*see* Part VII).

Petitioner's extreme positions cannot be justified by fears that owners of numerous expired patents will oppress their competitors by claiming trade dress rights immediately after their patents expire. Petitioner ignores the heavy burden placed upon any party which is claiming trade dress protection in a product feature, irrespective of whether an expired patent is in the picture. For

example, this Court just recently confirmed that those claiming trade dress rights in unregistered product designs must always prove secondary meaning. Furthermore, the Seventh Circuit has held that secondary meaning must not primarily stem from the exclusivity created by a patent. (*See* Part VI.) These requirements, coupled with the claimant's burden of proving a likelihood of confusion and the recent enactment of 15 U.S.C. § 1125(a)(3), which places the burden on the claimant to prove nonfunctionality, will discourage baseless suits, increase the number of suits dismissed on summary judgment, and will assure that few claimants will be able to successfully enforce trade dress rights in product designs.

This Court should thus decline to create the sweeping new nonstatutory defense to Lanham Act claims urged on behalf of Petitioner, *i.e.*, that any appearance of a trade dress feature in an expired patent or on a formerly patented product constitutes a complete and separate defense to a Lanham Act claim.

ARGUMENT

I. THE PURPORTED RIGHT TO COPY APPEARS NOWHERE IN THE CONSTITUTION OR ANY PATENT STATUTE

Petitioner repeatedly suggests that the purported "right to copy" has a basis in the Constitution, or at least in some patent statute. For example, Petitioner argues that trademark law is a product of Congress's power under the Commerce Clause which "does not authorize

Congress to override other provisions of the Constitution" (Pet. Br. at 11; *see also id.* at 10) ("Congress has expressed no intent to repeal, or even just curtail, the public's right to copy from expired patents"). But neither Petitioner nor its supporters can point to anything in the "Writings and Discoveries" clause of the Constitution, art. I, § 8, cl. 8, or any other provision of the Constitution or any federal statute, which creates any affirmative right to use an invention upon expiration of a patent.

The closest one comes to teasing such a right out of the Constitution or any statute is the reference to "limited times" in the "Writings and Discoveries" clause of the Constitution, and the limited term set forth in 35 U.S.C. § 154. But those provisions can be read far more readily as simply establishing the right of Congress to create a scheme in which what is sometimes characterized as "the public's natural right not to be excluded" (M. Pollack Br. at 16-17) is restricted by inventors who are being given the right to exclude others from their inventions for "limited times," and the exercise of that constitutional authority by Congress. In contrast, the right to prevent confusion in the marketplace is set forth expressly in the Lanham Act, 15 U.S.C. § 1125(a), and this Court recently confirmed that the Lanham Act includes claims for trade dress in the form of product design. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 120 S. Ct. 1339 (2000).

Even if one views this issue as a conflict between the Commerce and the Writings and Discoveries clauses of the Constitution, Petitioner and its supporters cite no authority for the proposition that either clause is of such transcendent importance as to require the other to give way. And even if a "right to copy" is determined to be

embraced (albeit unstated) in the Patent Code, when confronted with apparently conflicting statutes which are "capable of coexistence, it is the duty of the courts, absent a clearly expressed Congressional intention to the contrary, to regard each as effective." *T&B*, 138 F.3d at 285, quoting *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1018 (1984), quoting *Regional Rail Reorg. Act Cases*, 419 U.S. 102, 133-34 (1974).

Petitioner and its supporters cite no such expression of Congressional intent. On the contrary, the recent statutory recognition of the common law functionality defense in Lanham Act cases, *see* 15 U.S.C. § 1125(a)(3), demonstrates that Congress chose the functionality doctrine as the vehicle for preventing the Lanham Act from restricting the right to use utilitarian features of the type which might be patented.

II. THE ARGUMENTS OF PETITIONER AND ITS *AMICI* ARE PREMISED ON AN OUTDATED AND/OR INCORRECT VIEW OF THE PATENT LAWS

A central premise of Petitioner's position, as echoed by certain of the *amici*, is that a patentee enjoys the "exclusive right to practice" his or her invention during the term of the patent, but once the patent expires, that right to practice "enures" to the public. For example:

> To encourage innovation, the inventor of a new and useful advance is given "the exclusive right to practice the invention for a period of years." [*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989)] at 151. In exchange, the inventor must disclose how to make the invention, 35

> U.S.C. 112, so that, after the patent expires, "the knowledge of the invention enures to the people, who are thus enabled without restriction to practice it and profit by its use." *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 187 (1933).

(U.S. Department of Justice ("DOJ") Br. at 1; *see also id.* at 7-8 and Pet. Br. at 2-3.)

The problem with this argument, which is cobbled together from broad statements of general principles in cases having nothing to do with the subtle balancing that is needed where two equally important federal statutory schemes are in ostensible conflict, is that the fundamental premise is incorrect. A patentee *does not* receive through the patent any right to practice an invention, let alone an exclusive right, for a limited period of time or for any period of time. While the law on this point was arguably confusing for many years, it is now indisputable that the only right received through a patent is the negative right to exclude others from making, using, and selling the invention defined by the patent's claims. Indeed, the owner of an expired patent may be prevented from practicing his or her own invention by other federal rights owned by others (including other unexpired patents) as well as other federal and state regulations.

Since a patent never gives its owner the right to practice the invention during the patent term, this nonexistent right cannot "enure" to the public upon expiration. All that occurs when a patent expires is that the patent itself ceases to be an impediment to the public's practice of the invention – that is, to the extent the public would have the right to practice the invention in the absence of the patent, the expiration of the patent removes that obstacle.

1. Prior to 1952, the Patent Act confusingly defined the rights given by a patent to the patentee as "the exclusive right to make, use, and vend the invention or discovery." 35 U.S.C. § 40 (1946). As explained in *King Instruments Corp. v. Perego*, 65 F.3d 941 (Fed. Cir. 1995):

> Before the 1952 Act, the Patent Act defined the bundle of rights in terms of "the exclusive right to make, use, and vend the invention or discovery." 35 U.S.C. § 40 (1946). This wording – defining the grant in terms of the right to make the invention, rather than the right to exclude others from making the invention – caused confusion.
>
> The 1952 Act, § 154, clarified that a patent empowered its owner "to *exclude others* from making, using, or selling" the invention. 35 U.S.C. § 154 (1952) (emphasis added). . . . Inventors possess the natural right to exploit their inventions (subject to the patent rights of others in a dominant patent) apart from any Government grant. . . . Thus, the 1952 Act clarified that a patent confers the right to exclude others from exploiting an invention. It does not confer the right to exploit the invention already possessed by the inventor.

Id. at 949.

These principles were reaffirmed in *Leatherman Tool Group, Inc. v. Cooper Indus., Inc.*, 131 F.3d 1011 (Fed. Cir. 1997):

> [T]he federal patent laws do not create any affirmative right to make, use, or sell anything. As the Supreme Court has stated, "[t]he franchise which the patent grants, consists altogether in the right to exclude every one from making,

> using, or vending the thing patented, without the permission of the patentee." *Bloomer v. McQuewan*, 55 U.S. 539, 548, 14 How. 539, 14 L.Ed. 532 (1852). . . . Therefore, the Supreme Court made clear that the patent laws provide a limited right to exclude others from making, using, or selling a claimed invention for a limited period of time, but afford no affirmative right to make, use, and sell a patented invention.

Id. at 1015.

The ability of a patentee to exploit a patented invention during its term may be prevented by other private rights, such as adversely held dominant patents. Likewise, legislation may create regulatory and other nonpatent impediments to the exploitation of a patented invention, *e.g.*, the inventor of a patent on a gun or a drug may be restricted or prohibited from its use. *See, e.g., Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 669-70 (1990) (owner of patent on drug may be unable to exploit the patent for want of FDA approval).

2. Since a patent does not provide the owner with an affirmative right to use the invention during its term, it necessarily follows that the expiration of such patent does not vest in that owner – or in anyone else – the affirmative right to use the invention. "The expiration of a patent right is not a guarantee of a right to use. The right to make, use, or vend any given thing may be, and often is, subservient to several patents expiring at different times." *In re Heinle*, 342 F.2d 1001, 1005 (C.C.P.A. 1965). For example, when a product patent expires, the particular *use* of the product may still be prohibited by a

later patent. *Studiengesellschaft Kohle mbH v. Northern Petrochemical Co.*, 784 F.2d 351, 357 (Fed. Cir. 1986).

Thus, just as a patentee is not assured of the right to practice a patented invention during the patent term, a patentee likewise enjoys no guarantee that he or she will be able to practice the patented invention without restriction upon expiration. Accordingly, and notwithstanding *dicta* in this Court's opinions whose origins date back to an era when the nature of patent rights was sometimes mischaracterized as providing an affirmative right to make or use an invention (*see supra*), it is simply not true that an inventor obtains any right to practice a patented invention during the term of the patent. Consequently, that nonexistent right cannot "enure" to the public upon expiration of that patent.

3. "Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law." *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1362 (Fed. Cir.) (quoting *In re Mogen David Wine Corp.*, 328 F.2d 925, 930 (C.C.P.A. 1964)), *cert. denied*, 120 S. Ct. 527 (1999). Thus, for example, during the existence of the utility patent at issue in *T&B*, T&B had the right to exclude others from using a metal barb locking device in the head of a plastic cable tie. However, T&B's utility patent did not give T&B the right to prevent the use of an oval-shaped head in cable ties, unless that cable tie had the metal barb and other features claimed in the utility patent.

Upon expiration of T&B's utility patent, T&B lost the right to prevent others from using the metal barb locking device in the head of a plastic cable tie. But because

T&B's utility patent never gave T&B the right to exclude others from using oval-shaped heads *per se* on cable ties (a feature which was not part of the claimed invention in the patent, but merely happened to be disclosed incidentally in the specification of T&B's expired patent), the expiration of T&B's patent was a nonevent with respect to the oval-shaped head. To the extent T&B now has the right to prevent others from selling cable ties having oval-shaped heads causing confusion in the marketplace, that right arises under the Lanham Act (not the patent laws) as a result of decades of sales and advertising; and that right was not extinguished by the expiration of T&B's patent.

III. PREEMPTION DECISIONS BY THIS COURT ARE FAR FROM DISPOSITIVE

Aside from cases which predate the Lanham Act – *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896), *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938), and *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945) – and thus do not and could not address the present situation where another federal right is involved, and which in large measure relied on what we would today call functionality (DOJ Br. at 11; INTA Br. at 10), Petitioner and some of its *amici* draw much of their arguments from three post-Lanham Act decisions of this Court: *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989). But *Sears*, *Compco*, and *Bonito Boats* were all attempts to restrict the sale of utilitarian products

through rights arising under *state* law. And in each case, this Court invalidated such claims based upon federal preemption under the Supremacy clause.

Petitioner and some of its supporters trivialize that significant fact and even ridicule it (*see, e.g.*, Holmes Group Br. at 3, 20). In doing so, they denigrate one of the most fundamental aspects of the federal system as a whole. Even the DOJ trivializes concerns relating to federal preemption to buttress its arguments. (DOJ Br. at 18.) While the DOJ concedes that *Sears* and *Compco* involved state unfair competition laws, the DOJ simply concludes, with nothing more than conjecture, that this Court would not have held a state prohibition on copying to be preempted by a federal law, if a federal statute – *i.e.*, the Lanham Act – could have been invoked to prohibit copying. (*Id.*)

First, while the Lanham Act has existed since 1946, Petitioner itself acknowledges that the scope of § 43(a) of the Lanham Act was not appreciated as encompassing the design of a product until much later. (Pet. Br. at 3, 26, noting that federal trade dress protection for product designs evolved well after *Sears* and *Compco* were decided.) Moreover, speculating as to whether the plaintiffs in *Sears* and *Compco*, under their particular facts and circumstances, might have asserted a claim under the Lanham Act is useless because the fact is they did not. Thus, this Court was obligated to deal with the situations as presented, in which the plaintiffs were only seeking relief under state law. Nor is the present Petitioner's decision to sue under the Lanham Act rather than under state law "wholly extraneous" to *Sears* and *Compco* (Holmes Group Br. at 21) or "happenstance" (*id.* at 9),

given the fact that federal law can preempt state law claims, but cannot preempt claims arising under another federal law.

Ironically, while Petitioner and some of its *amici* argue that *Sears*, *Compco*, and *Bonito Boats* should be applied to federal claims under the Lanham Act, nobody has an adequate response to this Court's statement in *Compco* that a right to copy may be restricted by "other federal statutory protection. . . . " *Compco*, 376 U.S. at 238. At least two courts of appeal have expressly held that the Lanham Act is included under the rubric of "other federal statutory protection," *Ferrari S.P.A. Esercizio v. Roberts*, 944 F.2d 1235, 1241 (6th Cir. 1991), and *T&B*, 138 F.3d at 287, while none have held to the contrary.

In fact, only the DOJ attempts to address *Compco*'s "other federal statutory protection" language, arguing that the functionality doctrine prevents unpatented "utilitarian conceptions" from receiving trade dress protection. (DOJ Br. at 19 n.7.) But the DOJ bases its position primarily on the federal preemption cases, which beg the question of competing *federal* rights. Moreover, the functionality doctrine to which the DOJ refers never suggested that *all* "utilitarian conceptions" be excised from the scope of the Lanham Act. On the contrary, this Court has recognized that the only "utilitarian conceptions" so barred are features which are "essential to the use or purpose of the article" or which affect the cost or quality of the article, whereby exclusive use of the feature would put competitors at a significant nonreputation-related disadvantage. *Qualitex Co. v. Jacobson Prod. Co.*, 514 U.S. 159, 165 (1995). In fact, the DOJ itself acknowledges that

not all details disclosed in a patent are eliminated from Lanham Act protection. (*See infra* Part V.)

IV. PETITIONER PROVIDES NO REASON TO DESTROY ONLY THE LANHAM ACT TRADE DRESS RIGHTS OF FORMER PATENT OWNERS

Petitioner and some of its *amici* argue that trade dress rights under the Lanham Act should be denied only to former owners of patents, without considering other scenarios. But if Petitioner is correct in asserting that all material disclosed in expired patents must become available to the public, that should also be true if the feature is found in an expired patent owned by a third party. Moreover, Petitioner's view that materials which enter the public domain must be available to all without restriction would necessarily apply to subject matter which was *never* patented for whatever reason. Taken to its logical conclusion, Petitioner's position would effectively engraft onto the already onerous requirements needed to obtain trade dress protection (secondary meaning, nonfunctionality, and likelihood of confusion) a requirement of novelty which exists only in the patent laws.

1. This case, like many others, follows a typical model (Hypothetical 1): Company A obtains a utility patent containing claims to a specific combination of elements; Company A sells a commercial product covered by the patent claims; Company A's patent expires; Company B copies Company A's commercial product; and Company A asserts trade dress rights against Company B for a product feature in Company A's commercial product which was at least disclosed (and, in some cases,

claimed) in the patent, and which (by this time) has acquired secondary meaning.

Suppose instead (Hypothetical 2) Company A obtains a utility patent which later expires; Company C sells a commercial product and develops trade dress rights in a feature which happens to have been disclosed in Company A's patent; Company B copies Company C's commercial product; and Company C sues for trade dress infringement. In both hypotheticals, if Petitioner is correct, the expiration of Company A's patent purportedly vested Company B with an absolute right to exploit whatever is disclosed in Company A's expired patent, a right which cannot be questioned by Company A in Hypothetical 1 or by Company C in Hypothetical 2.

If indeed there can be no trade dress rights in a product feature disclosed in an expired patent belonging to the trade dress owner *or anyone else*, trade dress litigation is likely to degenerate into disputes in which the "prior art" is scoured by the copier in search of *any* patent, belonging to anyone, no matter how old, which happens to disclose the trade dress feature in order to establish a defense. In full effect, to prevail in a trade dress claim under the Lanham Act, a claimant would not only have to prove all existing elements of a claim, but also that the trade dress feature is novel. In a very real sense, a patentability statute, 35 U.S.C. § 102, would be imported into trade dress law. Few if any trade dress features would survive such an analysis. And each time this "novelty" defense prevailed, the public would lose the ability to distinguish between competing products in the marketplace by virtue of distinctive, nonfunctional trade dress features.

2. The only possible basis for limiting the special "expired patent" defense urged by Petitioner to owners of expired patents is the notion that the former patentee (Company A in both Hypotheticals 1 and 2 above), as contrasted with an interloper (*e.g.*, Company C in Hypothetical 2 above), was a party to the "carefully crafted bargain" whereby the patentee received the benefit of the right to exclude others for a limited period of time. (Pet. Br. at 2-3, citing *Bonito Boats*, 489 U.S. at 150-51.) However, given this Court's stated aversion to discriminating against certain categories of trademarks with "special legal rules," *Qualitex*, 514 U.S. at 174, or "superfluous" requirements, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773-74 (1992), limiting this "expired patent" defense to patents which were owned by the trade dress claimant would constitute illogical and counterproductive discrimination against patentees based solely on their having enriched the art by disclosing an invention in unnecessary detail.

The effect of such discrimination on the patent system could be very harmful. For example, if this Court were to hold that every feature "found" in a patent is barred from trade dress protection even if it is not part of the claimed invention (Panduit Br. at 7-10), a view rejected by the DOJ (*see infra* Part V), this would prompt patent applicants to hold back on disclosing incidental details in their patent application. Even worse, the risk of possible loss of trade dress rights might convince certain innovators to forgo patent protection altogether.

3. But even forgoing patent protection might not be enough to escape from Petitioner's arguments carried to

their logical conclusion. If Petitioner is correct in asserting that material in the "public domain" is ineligible for protection under the Lanham Act, there would seem to be no reasoned basis for limiting this rule to only materials that enter the public domain by way of an expired patent.

Suppose a product feature appeared in *Popular Mechanics*, but the person who created the feature never obtained a patent. If one accepts the arguments of Petitioner that Lanham Act trade dress rights cannot obstruct access to materials in the public domain, why should there be a distinction between product features which entered the public domain upon expiration of a patent and those which entered the public domain through other channels such as textbooks, foreign patents, and the like? Indeed, one of this Court's decisions relied on heavily by Petitioner suggests that no such distinction is legitimate. "An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Sears*, 376 U.S. at 231.

Here again, the only conceivable basis for this distinction is the argument that the patentee received the benefit of the "carefully crafted bargain" which was discussed above and shown to be wanting. The effect of distinguishing between features shown in expired patents and features appearing elsewhere in the public domain is unnecessary and harmful discrimination against innovators who played by the rules of the patent system and made valuable public disclosures of technology.

V. THE EXTREME VIEWS ESPOUSED BY PETITIONER AND ITS SUPPORTERS ARE UNSUPPORTED AND UNWISE

There is no basis to erect any special absolute "expired patent" defense in Lanham Act trade dress cases, because the functionality doctrine – properly applied – should satisfy the concerns raised by Petitioner. This view is endorsed by the DOJ, which supports Petitioner because it disagrees with the Sixth Circuit's functionality analysis in this case (DOJ Br. at 12-26), and by the International Trademark Association ("INTA"), which supports neither side (INTA Br. at 15-22). Still, at least one circuit has arguably created such a special defense, *see Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996), although a proper functionality analysis in that case would likely have yielded the same result.

Even if this Court agrees that existing defenses are inadequate, it should nevertheless resist Petitioner's extreme arguments urging that (i) every single feature which happens to be disclosed in a patent – even if not claimed – becomes ineligible for Lanham Act protection, even if it is nonfunctional and has acquired secondary meaning; and (ii) even features which are not disclosed at all in a patent are disqualified from protection if they were used by a patentee on its patented commercial product.

1. An extreme rule whereby features which are only incidentally disclosed in a patent are disqualified from protection would be wrong for the reasons already given, and also because recognizing Lanham Act rights in only

distinctive and nonfunctional features will impose only a miniscule limitation on the otherwise broad right of the public to practice the subject matter of an expired patent.

Suppose the ABC Chair Co. had a patent on the original chair; that, for whatever reason, the illustrative embodiment in the specification of that patent depicted a purple bow wrapped around one of the legs; that the patentee always sold its chairs with such a purple bow, both during and long after the term of the patent; and that as a result of years of use and advertising, the purple bow had developed a secondary meaning in the marketplace, uniquely associating the purple bow with the patentee. If a competitor then wished to make and sell chairs after the patent expired (and assuming that there were no other unexpired patents or other laws restricting the right to make certain chairs), the competitor could freely produce countless chairs which would have previously come within the scope of the claims of the now-expired patent. The one and only thing the competitor could not do is sell a chair with a purple bow wrapped around a leg.

In such a situation, the public's right to exploit and enjoy the invention which was previously disclosed in the expired patent is restricted, but only to the most minimal degree. The legitimate competitor surely does not need to sell its chairs with a purple bow to compete effectively; on the contrary, assuming there is secondary meaning in the purple bow (identifying to the public that the chairs come from the ABC Chair Co.), the only conceivable reason for the competitor to do so is to create confusion in the marketplace as to the source of the chairs.

Perhaps for this reason, the DOJ, which for fact-specific reasons supports Petitioner, concedes that "the expiration of a patent affords the public a *virtually* unrestricted right to copy the invention." (DOJ Br. at 8 (emphasis added).) The DOJ agrees that mere mention of a feature in a patent does not necessarily establish functionality (and thus a denial of trade dress protection), since nonfunctional shapes and configurations may be described or pictured as an "incidental detail" in utility patents. (*Id.* at 14, quoting 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:89, 7-227 (4th ed. 2000).) And the DOJ also cautions against a broad rule sweeping away Lanham Act protection on "every jot and tittle of the patentee's product design," including "wholly arbitrary elements that serve no purpose other than to indicate the product's origin." (DOJ Br. at 19.)

The DOJ is correct. To date, not one court of appeals has adopted the extreme view urged by Petitioner and certain *amici*. Even in the one reported appellate decision in which an arguably separate "expired patent" defense was recognized, the court required that the feature not only be claimed but that it must also be a "significant inventive aspect" of the invention. *See Vornado*, 58 F.3d at 1510.[3]

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[3] The words of that legal test appear to abandon the well-established concept of functionality, with which the federal courts have long been familiar, *see Zip Dee, Inc. v. Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996), in favor of a "significant inventive aspect" test which, in actual practice, might collapse into the functionality doctrine. T&B submits that the result in *Vornado* would have been reached with a more exacting functionality analysis.

No other court has even gone so far as to erect a separate "expired patent" defense, let alone a defense which applies to incidental features disclosed in a patent. Early in the *T&B* litigation, the Seventh Circuit stated:

> Panduit's theory is that when the patent expired the entire product fell into the public domain and became freely copyable. That considerably overstates matters. The patented portion of the product entered the public domain, but "the product" did not. Panduit does not contend, for example, that it could copy the cable tie to the last detail, including the Thomas & Betts logo and similar identifying marks. Non-functional elements of the product's design can serve a role similar to logos and therefore may be protected as trademarks.

Thomas & Betts Corp. v. Panduit Corp., 34 U.S.P.Q.2d (BNA) 1607, 1608 (7th Cir. 1994).[4] The same court subsequently held that a utility patent must be examined in detail to determine whether the feature is primarily functional or just incidentally appears in the disclosure of the patent. *T&B*, 138 F.3d at 300 (citing McCarthy, § 6:10). The Seventh Circuit thus correctly concluded that the right to copy established in the cases now relied upon by Petitioner "is far from absolute." *T&B*, 138 F.3d at 287.

2. Petitioner and certain *amici* go so far as to urge that a feature be disqualified from Lanham Act protection whenever it was used by the patentee on its commercial product sold under the patent (M. Pollack Br. at 2 ("the

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[4] The DOJ similarly cautions against an "absolutist" approach to this issue. (DOJ Br. at 19-20, citing *Bonito Boats*, 489 U.S. at 154.)

public obtains a property right not to be excluded from full commercial exploitation of *the activity formerly practiced under the patent*. . . . " (emphasis added)); Panduit Br. at 6-7 (urging right to make "the thing formerly covered by the patents. . . . ") They assert these rights to exist *even if the feature is neither claimed nor even disclosed in a patent*, if the patentee chose to employ the feature on its patented commercial product. In the ABC Chair Co. hypothetical discussed above, they would urge that the purple bow could not be protected even if it was never disclosed in the patent as long as the ABC Chair Co. (or perhaps even a licensee) merely used the feature on its patented chair (continuously? often? once? – no one says).

This position fails for all the reasons already given, plus the fact that, in this scenario, the "carefully crafted bargain" said to support the patent system has nothing to do with the feature at issue, which enjoyed no protection whatsoever under the patent. In full effect, according to those *amici* who take this extreme view, the very use of the feature in commerce which creates trade dress rights under the Lanham Act would simultaneously destroy those rights.

3. Contrary to Petitioner's contentions, no great advance will be achieved by making draconian changes. If this Court agrees with the DOJ that trade dress features which were claimed in expired patents are often so clearly functional that they should not survive a summary judgment motion (DOJ Br. at 20), many weak claims will be dismissed under the current legal framework employed by the circuits. Changing the law in a quest for incremental simplicity will defeat legitimate claims, while

the need for a whole new set of rules to address a whole new set of problems will in fact make the desired simplicity illusory.

VI. CONCERNS REGARDING THE PURPORTED EASE OF ESTABLISHING SECONDARY MEANING ARE UNFOUNDED

This Court in *Wal-Mart* recently confirmed that secondary meaning must always be shown with product designs. Still, the DOJ expresses concern that the requirement of secondary meaning for product configuration trade dress is "not an effective barrier" against trade dress which is undeserving of protection (DOJ Br. at 21 n.9) (citing a district court decision which noted that it is "no great trick to build up secondary meaning in a product configuration if [competitors] are kept from utilizing that configuration for 17 years by the sword and shield of patent protection."). *Id.* at 16 (citing *Zip Dee, Inc. v. Dometic Corp.*, 931 F. Supp. 602, 615 (N.D. Ill. 1996).)

But as another *amicus* has pointed out (INTA Br. at 12 n.4), any concern that secondary meaning is too easily proven can be addressed by the Seventh Circuit's rule that "evidence establishing secondary meaning must also show that any connection between the trade dress of the product and its producer does not primarily stem from the expired patent." *T&B*, 138 F.3d at 294. Such an approach would assure that products going "off patent" will not readily be asserted to have qualified for trade dress protection without a strong showing of secondary meaning – a showing that can be difficult to make. (*See infra* note 5.)

VII. THIS CASE DOES NOT INVOLVE DESIGN PATENTS, BUT IF IT DID, THE ARGUMENTS IN FAVOR OF A SEPARATE DEFENSE WOULD BE EVEN WEAKER

The questions presented by the Petitioner and the Respondent in this case were both expressly limited to the impact of expired *utility* patents on trade dress rights under the Lanham Act. However, at least two *amici* supporting Petitioner have urged this Court to declare trade dress features unprotectable if claimed in an "expired patent" (Panduit Br. at 11; M. Pollock Br. at 2, 21) – *any* type of expired patent, utility or design. Should the Court choose to address the impact of design patents themselves on trade dress rights, the Court should conclude that design patents in and of themselves present no basis at all for destroying trade dress rights, because design patents are awarded for designs which are "ornamental," not functional. 35 U.S.C. § 171. As this Court explained long ago in *Gorham Mfg. Co. v. White*, 81 U.S. (14 Wall.) 511 (1872):

> The acts of Congress which authorize the granting of patents for designs were plainly intended to give encouragement to the decorative arts. *They contemplate not so much utility as appearance, and that, not an abstract impression, or picture, but an aspect given to those objects mentioned in the acts. . . .* And the thing invented or produced, for which a patent is given, is that which gives *a peculiar or distinctive appearance* to the manufacturer, or article to which it may be applied, or to which it gives form.

Id. at 524-25 (emphasis added).

In *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964), the Federal Circuit's predecessor rejected the argument that a design patent precluded issuance of a trademark registration:

> In our opinion, trademark rights, or rights under the law of unfair competition, which happen to continue beyond the expiration of a design patent, do not "extend" the patent monopoly. They exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law. Conversely, trademarks conceivably could end through non use during the life of a patent. We doubt it would be argued that the patent rights should also expire so as not to "extend" them [i.e., the trademark rights].

Id. at 930.[5] *See also W.T. Rogers Co. v. Keene*, 778 F.2d 334, 337 (7th Cir. 1985) (35 U.S.C. § 171 "does not prevent the

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[5] The court in *Mogen David* remanded for a determination of whether the decanter had acquired secondary meaning. 328 F.2d at 932. In a subsequent appeal which illustrates the difficulty which already exists in establishing secondary meaning even where a patent was present, the court reaffirmed its foregoing holding, *In re Mogen David Wine Corp.*, 372 F.2d 539, 540 (C.C.P.A. 1967), but concluded on the merits that the decanter had not acquired secondary meaning. *Id.* at 541-42.

enforcement of a common law trademark in a design feature").

In *In re Honeywell*, 497 F.2d 1344 (C.C.P.A. 1974), the Patent and Trademark Office ("PTO") had refused to register as a trademark the configuration of a thermostat, features of which appeared in an expired design patent. The Federal Circuit's predecessor noted that earlier decisions involving utility patents turned on whether the subject matter was functional, with the utility patents providing some evidence of possible functionality. However, the court rejected the PTO's argument that the same principles which apply to utility patents should apply when federal trademark rights are sought for nonfunctional subject matter disclosed in design patents. *Id.* at 1348. It reaffirmed *Mogen David*'s clear distinction between federal trademark and design patent laws, and concluded that the public interest in protecting against confusion must prevail over any argument that trademark rights are an "extension" of design patent rights, so long as the trademark is nonfunctional and serves as a means to distinguish the owner's goods from those of others. *Id.*

Thus, contrary to what certain *amici* would have this Court hold, if a design patent is to have any impact on a Lanham Act trade dress claim, it should (as with utility patents) constitute evidence relating to possible functionality; but often the existence of the design patent will favor *the claimant*, rather than the accused infringer. As noted in *Krueger Int'l, Inc. v. Nightingale Inc.*, 915 F. Supp. 595, 605 (S.D.N.Y. 1996), "The existence of a design patent . . . is relevant to the functionality defense. Because a design patent is granted only for non-functional designs,

it can serve as evidence that a plaintiff's trade dress is not functional." *See also In re R.M. Smith, Inc.*, 734 F.2d 1482, 1485 (Fed. Cir. 1984) ("The existence of a design patent may be some evidence of non-functionality.").

CONCLUSION

Accordingly, this Court should affirm the judgment of the court of appeals.

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